

# Westwood Alternative Income

A Market Neutral Solution

## Low Volatility

Seeks to achieve a low volatility profile for asset allocators who require an emphasis on loss limitation regardless of the market environment.

## Absolute Returns

Aims to achieve a return of cash plus 4% (net of fees) annualized over a full market cycle. Potential to serve as a complement to traditional fixed income and credit alternative in a flat to low interest rate environment.

## Uncorrelated Returns

Potential for uncorrelated returns and attractive diversification benefits with traditional equity and fixed income allocations.

## Strategy | 2Q22

**Objective:** We seek to achieve a return of cash plus 4% (net of fees) annualized over a full market cycle.

**Strategy:** Actively managed, utilizing a market-neutral approach to investing in convertible securities. Incorporates a shorter-dated, yield-oriented portfolio and a convertible arbitrage strategy while reducing volatility through the active use of macro hedging.

**Expected Volatility:** 1/3 equity volatility over a full market cycle\*

**Benchmark:** LIBOR USD 1 Month

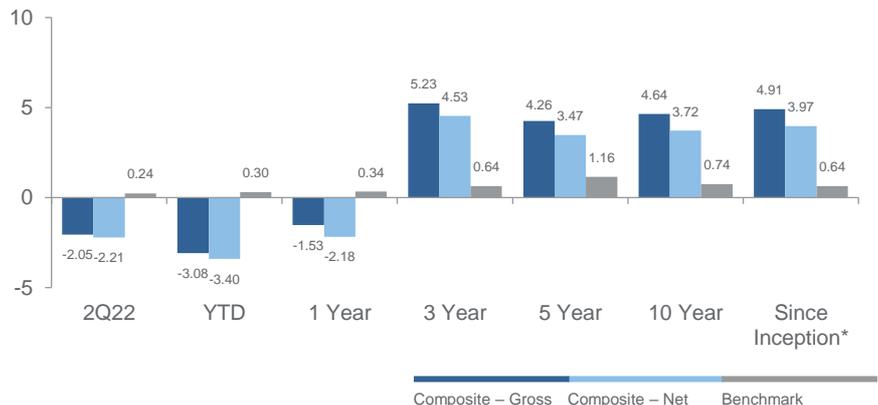
**Current Yield:** 2.0%

**Inception Date:** January 1, 2010

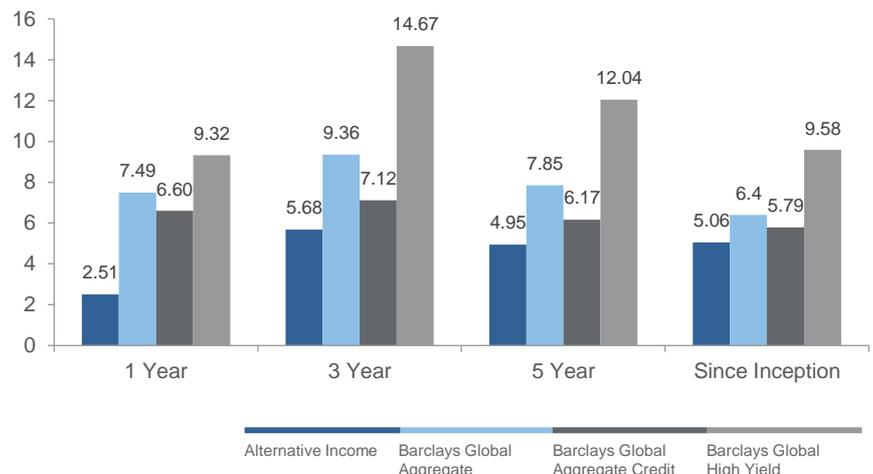
**Team:** Our Multi-Asset team includes five investment professionals supporting the Portfolio team, which includes two members with an average of 26 years' industry experience. The Alternative Income team members are:

- Adrian Helfert
- Chris Hartman

## Performance (%)



## Annualized Standard Deviation (%)\*\*

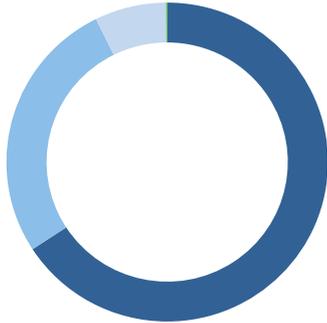


\*Please see reverse for full performance disclosures.

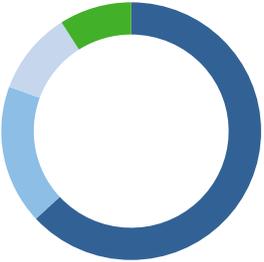
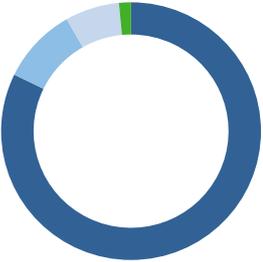
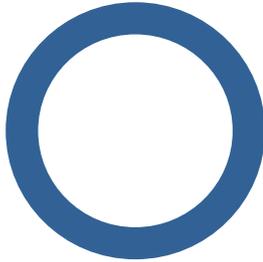
\*\*Standard deviation provided is net of management fees.

Composite inception date: January 1, 2010. All data as of June 30, 2022, unless otherwise noted. Past performance is not indicative of future results. Source: © FactSet Research Systems, Inc. All Rights Reserved.

## Westwood Alternative Income

Characteristics & Evaluation Measures	Westwood	Portfolio Allocation (%)
Current Yield (%)	2.03	
Effective Duration	1.79	
Average Credit Rating	B+	
Net Delta (%)	1.00	
Equity Beta*	0.23	
Standard Deviation*	5.06	
Sharpe Ratio* <sup>2</sup>	0.87	
Max Drawdown*	-6.30	
VaR (%)	6.80	

\*Data represents since inception. Standard deviation provided is net of management fees.  
<sup>1</sup>Beta measured using the MSCI World-ND Index as a market proxy.  
<sup>2</sup>Risk Free Proxy: 3 Month T-Bill. All data above reflects that of a representative account except Global Equity Beta, Standard Deviation, Sharpe Ratio and Max Drawdown, which reflect that of the Westwood Alternative Income Composite.

Credit Quality Breakdown (%)	Regional Allocation (%)	Currency Breakdown (%)
		
<p>63.1% 17.5% 10.4% 9.0%</p> <p>Not Rated Investment Grade High Yield Cash</p>	<p>82.8% 9.6% 6.8% 1.5%</p> <p>U.S. Cash &amp; Other Asia &amp; Other Europe</p>	<p>100%</p> <p>USD</p>

## Westwood Alternative Income

### Portfolio Management Team

The Portfolio is managed by Adrian Helfert and Chris Hartman who average 26 years of industry experience in multiple investment disciplines including global credit and asset allocation across absolute return and relative return strategies. Portfolio Management is supported by our multi-asset team which includes nine investment professionals.

The Alternative Income team members are:

Name	Industry Experience	Firm Tenure
P. Adrian Helfert	24 years	2019
Christopher Hartman	29 years	2021

### Disclosures

**For Institutional Use Only.** Past performance is not indicative of future results. Westwood Management Corp. (“WMC”) Westwood Advisors, L.L.C. (“Westwood Advisors”) are both wholly owned subsidiaries of Westwood Holdings Group, Inc. (NYSE: WHG). WMC and Westwood Advisors are both SEC registered investment advisers under the Investment Advisers Act of 1940. WMC provides investment advisory services, primarily managing equity and fixed income portfolios, for individual clients and entities as part of Westwood’s Wealth Management division. On February 1, 2018, Westwood redefined the Firm by adding the assets of Westwood Advisors so that all SEC registered investment advisers under WHG would be included in the Firm definition. Policies for valuing investments, calculating performance, and preparing GIPS are available upon request, as is a complete list and description of the Firm’s composites, by contacting [performance@westwoodgroup.com](mailto:performance@westwoodgroup.com). Westwood claims compliance with the Global Investment Performance Standards (GIPS®).

The Alternative Income Composite, previously known as the Absolute Return Global Convertibles Composite, includes all taxable and tax-exempt, fee-paying fully discretionary accounts which pursue an absolute return strategy. The strategy aims to achieve a positive return by taking long and short positions while focusing on shorter-dated, higher-quality global convertible securities and the securities which they can be exchanged into. The investment strategy aims to generate returns by identifying convertible bonds that offer a discount to their implied value, have an attractive yield, offer high liquidity and are large in issue size. Leverage is used in the portfolio through the use of derivatives up to two times the net asset value (NAV). The portfolio team may use the following derivatives to achieve the investment objective: futures, options, swaps, forwards, contracts for differences (CFD), total return swaps (TRS) and credit and interest rate derivatives. The primary hedging technique employed is Delta hedging, which is focused on the exposure to the underlying equity and volatility risk. Delta hedging aims to reduce the risk associated with price movements in the underlying security with offsetting long and short positions. The performance data for the period from January 1, 2010 to September 30, 2014 reflects the performance of an open-ended investment company managed by the portfolio team members while at a prior employer. During that period, the portfolio team members primarily responsible for the Alternative Income strategy were primarily responsible for the management of the open-ended investment company. This net of fees performance history is derived by compounding the monthly returns as reported by Bloomberg. Portfolio returns reflect the reinvestment of dividend and interest income. The Alternative Income Composite is benchmarked against the 1-Month LIBOR. LIBOR stands for “London Inter-Bank Offered Rate.” It is the interest rate at which banks can borrow funds from other banks in the London inter-bank market. The LIBOR is fixed on a daily basis by the British Bankers’ Association and is derived from a filtered average of the world’s most creditworthy banks’ interbank deposit rates for larger loans with maturities between overnight and one full year.

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