

Performance Highlights

- The Westwood Alternative Income Fund returned 0.58% in the third quarter of 2022, outperforming the benchmark, which gained 0.48%. Notably, the strategy has outperformed core bonds* over the YTD, 1-year, 3-year, 5-year periods and since inception.
- During the third quarter, equity markets extended their losses as many of the same risks of the previous quarter either remained or accelerated. Continued above-trend inflation and an increasingly higher interest rate trajectory have both elevated the probability of recession, adding to the “risk-off” sentiment that abounds in both equities and debt securities. September marked a particularly tough period as the Dow tumbled 8.8%, the S&P 500 fell 9.3% and the Nasdaq lost 10.5% in the month alone.
- Inflation-related economic releases continued to come in hot, leaving the markets little doubt that the Federal Reserve would continue to take an aggressive stance on fighting inflation by raising short-term interest rates. In the debt markets, it was another quarter where rising interest rates and falling prices created negative returns across the board — U.S. government bonds, investment grade fixed income and high-yield corporate bonds. From a global perspective, the losses in government bonds during the first half of 2022 were some of the deepest in history; corporate bond prices also logged losses not seen in decades.
- For the third quarter of 2022, performance of the fund was negatively impacted by the selloff in U.S. government bonds, investment grade fixed income, high yield bonds and equities.
- We believe that the Alternative Income strategy is an excellent strategy for investors seeking non-correlated sources of return with low comparable risk to both bonds and equities.

* Core bonds represented by the Bloomberg US Aggregate Bond Index

Performance Drivers

The **Fixed Income Yield book** ended the quarter at 30% of the strategy. Our holdings provided steady income with negative price impact due to rising rates. Although credit spreads were wider during the quarter, our security selection added value as we are invested in higher-quality positions.

The **Convertible Arbitrage allocation** ended the quarter at 68% of the strategy’s assets. Performance was positively driven by increasing volatility as evidenced from the CBOE Volatility Index, VIX. This increase in equity volatility allowed for frequent delta rebalancing and increased the value of the embedded warrants in the convertible securities. As with the Yield opportunities, convertibles were negatively impacted by the rising rates and widening credit spreads. The increase in yields reduced the fixed-income value of the portfolio’s holdings, which overshadowed the long volatility component. Convertible prospects remain attractive as trading opportunities persist and convertible valuations, as a whole, have cheapened as a result of risk-off sentiment and reduced liquidity in the secondary market. Although the primary market showed signs of life in August, activity continues to be materially slower than in the same period in 2021 and 2020. As evidenced by the downturn in the broad equity market, the appetite for both fixed income and equity exposure has waned. Continued elevated equity market volatility provides both substantial trading opportunities as well

as a revaluation higher of the embedded equity option within the convertible structure. We believe we are positioned well in this market environment and are focused on finding attractive convertibles that have cheapened without due cause.

Macro tail hedges remain at roughly less than 1% of the strategy as we continue to focus on reducing interest rate risk and lower sensitivity to the equity markets.

Performance Update

As of September 30, 2022

Annualized Returns

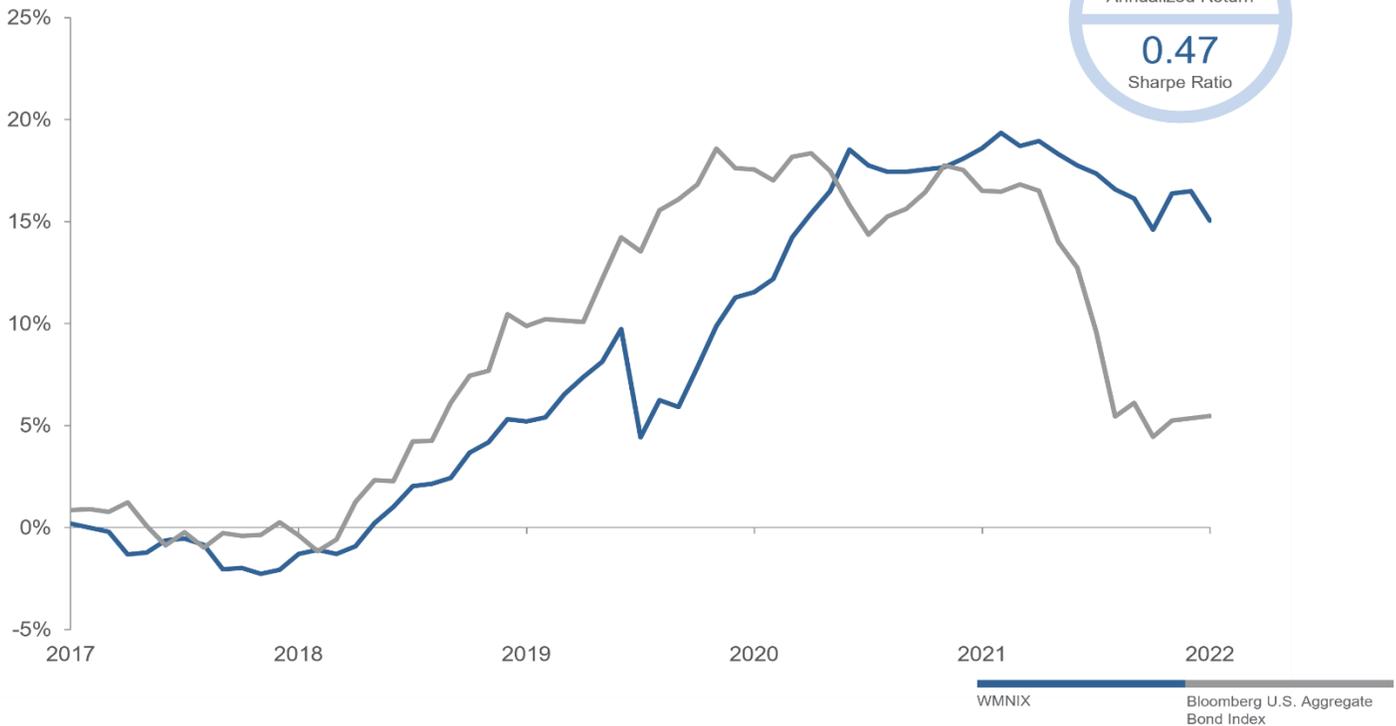
	3Q22	YTD	1 Year	3 Year	5 Year	Since Inception
Westwood Alternative Income Fund (WMNIX)	0.58%	-3.10%	-2.81%	3.09%	2.84%	2.91%
FTSE 1-Month Treasury Bill	0.48%	0.59%	0.61%	0.51%	1.07%	0.82%

The performance data quoted represents past performance. Past performance is not indicative of future results. The investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost and current performance may be lower or higher than the performance quoted. For performance data current to the most recent month end, please call 877.FUND.WHG. Expense ratio for the Fund is 0.96% (net) and 1.21% (gross). The adviser has contractually agreed to reduce fees and reimburse expenses until March 1, 2024.

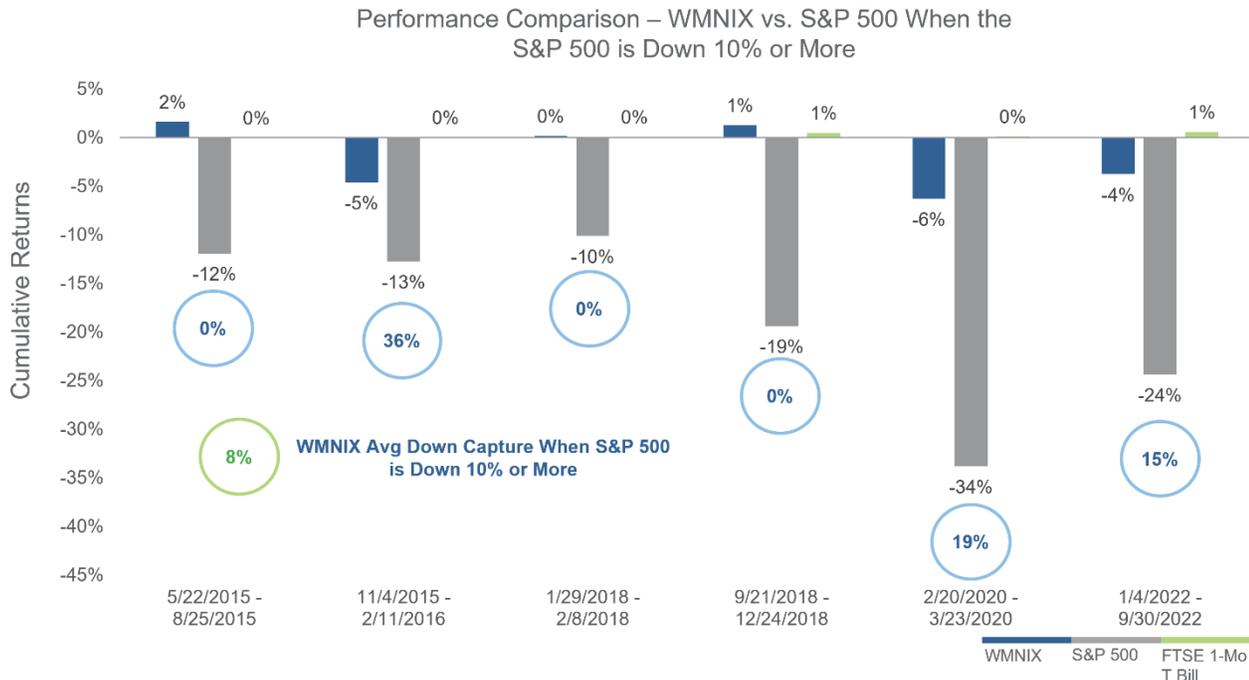
Past performance is not indicative of future results. Data Source: © 2022 FactSet Research Systems Inc. All Rights Reserved. Please see appendix for full performance disclosures. Disclosures are also available online at <http://westwoodgroup.com/disclaimers.pdf>. The disclosures provided are considered an integral part of this presentation.

Cumulative Performance

Last 5 Years (October 1, 2017 – September 30, 2022)



WMNIX has managed to post positive returns 50% of the time when the S&P 500 has drawn down 10% or more



Inception date: 5/1/2015. Data as of 9/30/2022. Data Source: © Morningstar Direct. Numbers above represent the percentage of downside market capture that WMNIX experienced during these periods compared to the S&P 500 Index and the FTSE 1-Month U.S. Treasury Bill Index. *Fund performance is positive during the following periods resulting in a negative downside market capture. A zero is used as a representation. Performance data quoted represents past performance. Past performance is not indicative of future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost and current performance may be lower or higher than the performance quoted. For performance data as of the most recent month end, please call 877.FUND.WHG. Total expense ratio for the Fund is 0.96% (net) / 1.21% (gross). Advisor has contractually agreed to waive fees until March 1, 2024. Index returns do not reflect any management fees, transaction costs or expenses. Indexes are unmanaged and one cannot invest directly in an index.

Strategy Positioning and Outlook

Although global issuance slowed during the third quarter with \$11 billion coming to the U.S. market, the overall convertible landscape remains attractive. The strategy remains able to source ideas in both the yield portion of the portfolio as well as those within the convertible arbitrage portion. Even as the COVID-19 scare has become muted, equity and bond volatility remain elevated as global inflation numbers have accelerated. The resulting global central bank action of hiking rates has put fear into the market of how fast, how hard and how long central banks will press the brake pedal. The markets have been left wondering if there is a possibility of a soft landing or an ensuing recession. While no one knows the outcome, we believe the portfolio is well-positioned to monetize the resulting volatility and provide upside participation when the market turns and mitigate some of the downside risks in the meantime.

We continue to look for additional high credit conviction opportunities in shorter-duration convertibles with attractive risk-adjusted yield. This portion of the portfolio is important not just in moderating periods of market volatility, but also serves as an important source of quality income with a lower rate duration. Name-specific volatility has remained more elevated, providing opportunities to trade around a core position to capture additional returns. Volatility remains a key attribute allowing for value creation in two distinct ways: profitable gamma trading return premia and a natural increase or revaluation of the embedded option of a convertible security. The dynamics of our blend of yield-focused investments and convertible arbitrage allows for capturing enhanced profitability from volatility.



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.

The FTSE 1-Month Treasury Bill Index is an unmanaged index representing monthly return equivalents of yield averages of the last 1-month Treasury Bill issue. Index performance does not reflect any management fees, transaction costs or expenses. Index returns do not reflect any management fees, transaction costs or expenses. Indexes are unmanaged and one cannot invest directly in an index.

Diversification does not ensure a profit or guarantee against a loss.

Tail Risk hedge is an investment strategy that is aimed to protect the portfolio against extreme market moves.

Macro hedge is an investment technique used to eliminate the risk of a portfolio of assets. In most cases, this would mean taking a position that offsets the whole portfolio.

Gamma is the rate of change for delta with respect to the underlying asset’s price. Gamma is an important measure of the convexity of a derivative’s value, in relation to the underlying assets.

Delta is the ratio that compares the change in the price of an asset, usually marketable securities, to the corresponding change in the price of its derivative. A derivative is a financial security with a value that is reliant upon or derived from, an underlying asset or group of assets.

Convertible Arbitrage is the simultaneous purchase and sale of an asset to profit from an imbalance in price. It is a trade that profits by exploiting the price differences of identical or similar financial instruments on different markets or in different forms.

Short-duration yield convertible is a short-term convertible bond. A convertible bond is a fixed-income corporate debt security that yields interest payments but can be converted into a predetermined number of common stock or equity shares.

This material represents the manager’s assessment of the market environment and should not be relied upon by the reader as research or investment advice regarding any security, nor is it intended to be a forecast of future events or a guarantee of future results.

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