

**Investment Adviser Brochure  
Item 1 – Cover Page**

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**(214) 756-6900**

**[www.westwoodgroup.com](http://www.westwoodgroup.com)**

**[www.westwoodfunds.com](http://www.westwoodfunds.com)**

**[www.westwoodwealthcoach.com](http://www.westwoodwealthcoach.com)**

**February 27, 2023**

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](mailto: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](http://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.

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## **Item 2 - Material Changes**

The following material changes have been made to this brochure since the last annual update dated August 18, 2022. Those changes include:

All Sections: Updated language throughout the brochure for technical and clarifying purposes.

### Item 4: Advisory Business

- Changes to describe Westwood Holdings Group, Inc.’s acquisition of the asset management business of Salient Partners, L.P. (“Salient” and the transaction, the “Westwood Salient Transaction”).
- Added and revised descriptions of available investment strategies.
- Added descriptions and disclosures of new subsidiaries of Westwood Holdings Group, Inc.: Salient Advisors, LP; Salient Capital, LP, Forward Securities, LLC, Broadmark Asset Management, LLC.
- Added disclosure related to Westwood Holdings Group, Inc.’s acquisition of Salient’s joint venture stake in The Salient Zarvona Energy Fund GP, LP.
- Added description and disclosures related to two private funds the management of which Westwood assumed from Salient, the Salient MLP Total Return Fund, LP, and the Salient MLP Total Return TE Fund, LP.

### Item 8: Methods of Analysis, Investment Strategies and Risk of Loss

- Investment strategy information for the new strategies launched as a result of the Westwood Salient Transaction.
- Risk information and associated risk definition for new strategies resulting from the Westwood Salient Transaction.
- Updated to include descriptions and disclosures about margin transactions and options trading which may be used for certain accounts managed with an MLP-related strategy.

### Item 10: Other Financial Industry Activities and Affiliations

- Added updates to reflect the affiliated entities acquired during the Westwood Salient Transaction.
- Updated disclosure to note potential conflicts of interest with respect to affiliated investment vehicles.

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## **Item 4 - Advisory Business**

Westwood Advisors, LLC (“**Westwood Advisors**,” “**Westwood**,” “**we**” or “**us**”) (formerly known as McCarthy Group Advisors, LLC) 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; Salient Advisors, LP, a registered investment advisor and Westwood Trust, a Texas-chartered Trust company headquartered in Dallas, Texas. Westwood Advisors, Westwood Management, Salient Advisors, LP, and Westwood Trust are wholly owned by WHG.

On November 18, 2022, Westwood Holdings Group, Inc. completed its acquisition of the business of Salient Partners, LP and its subsidiaries (“**Westwood Salient Transaction**”). Pursuant to the Westwood Salient Transaction, oversight and management of the Salient MLP Total Return Fund, L.P. and Salient MLP Total Return TE Fund, LP was transferred to Westwood through the approval of the limited partners of the funds of WHG PF Holdco, LLC as the General Partner for the funds and of the assignment of the advisory agreement to Westwood Advisors. Westwood Advisors has delegated investment management responsibilities of the Salient MLP Total Return Fund, LP and the Salient MLP Total Return TE Fund, LP to its affiliate, Westwood Management.

Salient, based in Houston, Texas with an office in San Francisco, California, provided investment advisory services through Salient Capital Advisors, LP and Forward Securities, LLC, both SEC-registered investment advisors. Pursuant to the transaction, WHG and its subsidiaries acquired substantially all of the assets of Salient and its subsidiaries. Generally, investment advisory agreements with Salient Capital Advisors, LLC, and Forward Securities, LLC were assigned to Westwood Management upon client notice and consent. In addition, WHG also purchased all of the equity ownership in Salient Capital Advisors, LLC, Salient Capital, LP, and Forward Securities, LLC, as well as Salient’s equity ownership in The Salient Zarvona Energy Fund GP, LP.

WHG purchased all of Salient’s minority interest in Broadmark and also purchased additional equity ownership of Broadmark in January 2023, giving WHG a majority ownership stake in Broadmark.

As of December 31, 2021, Westwood Advisors managed approximately 303 accounts on a discretionary basis with an approximate total value of \$106,326,025, and, pursuant to the Salient Transaction, Westwood Advisors assumed management of two (2) Private Fund accounts with an approximate total value of \$179,187,597.

We market our services as Westwood Wealth Management. Westwood Wealth Management is a division of WHG, which offers trust and fiduciary services through Westwood Trust and investment advisory services through Westwood Advisors.

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**Westwood WealthCoach™**

The Westwood WealthCoach program (the “Program”) is an advisory service offered by WHG’s Wealth Management division. WHG’s Wealth Management division offers trust and fiduciary services through Westwood Trust, a Texas trust company, and investment advisory services through Westwood Advisors. Westwood Trust and Westwood Advisors are both wholly owned subsidiaries of WHG.

The Program is primarily offered to individual clients who sign up through the Westwood WealthCoach website portal (“WealthCoach Portal”). Certain existing trust and fiduciary clients of Westwood Trust may initially enroll in the Program in coordination with their Westwood Trust representative.

Each account managed in the Program is a custodial account established by the Client at an approved custodian. Currently, the only approved custodian for the Program is TD Ameritrade, Inc. Additional custodians may be added in the future.

**Allocation Models**

Allocation models are limited to mutual funds and ETFs. The asset allocation models may use Westwood Funds mutual funds which are managed by Westwood Management, an affiliate of Westwood Advisors.

Within each type of investment strategy, Westwood Advisors manages accounts using an allocation model which corresponds to one of five risk levels:

- Conservative
- Moderate
- Enhanced Balanced®
- Growth
- Aggressive

**Asset Allocation Committee**

The allocation models are subject to review and oversight by the Westwood Wealth Management Asset Allocation Committee (“Allocation Committee”). The purpose of the Allocation Committee is to prepare a Strategic Asset Allocation Model from which multiple investment models will be derived. The Allocation Committee meets on at least a quarterly basis. The Allocation Committee reviews and recommends changes to the Enhanced Balance® model based on investment time horizons, risk tolerance and other factors. Upon approval, the Westwood Advisors investment team translates the Enhanced Balanced® allocation model updates to the Conservative, Moderate, Growth and Aggressive allocation models to reflect the weighting changes. The Allocation

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Committee is comprised of Westwood Advisors representatives, other Westwood related members and independent members.

Investment Oversight Committee

The purpose of the Investment Oversight Committee (the “Oversight Committee”) is to select the appropriate mutual funds or exchange traded funds (“ETFs”) for each asset class represented in the allocation models. The Oversight Committee meets on at least a quarterly basis. The Oversight Committee is comprised of Westwood Advisors representatives and other Westwood related members.

Enrolling in the Program

Clients enrolling in the Program use the online WealthCoach Portal to determine whether participating in the Program is appropriate for them, to select the client’s preferred type of allocation strategy and to obtain a recommended allocation model based on each client’s risk profile. To establish an account in the Program, clients must use the WealthCoach Portal to complete their client profile and answer the risk tolerance questionnaire. Based on the information provided in the risk tolerance questionnaire, the WealthCoach Portal generates an allocation proposal.

Clients are generally restricted to the allocation model corresponding to their risk profile. Clients can change their allocation model by updating their risk profile information. However, Westwood Advisors may permit clients to invest in another allocation model after consultation with a representative of Westwood Advisors. In rare cases, Westwood Advisors may create a custom allocation for a client upon request or may refer clients to participate in another advisory program of Westwood Advisors or an affiliate, if appropriate.

A client can impose restrictions on specific mutual funds or ETFs. To do so, client should contact a Westwood Advisors representative. If the restriction request cannot be accommodated, Westwood Advisors may establish an account in another advisory program of Westwood Advisors or an affiliate, if appropriate.

Investment advice in the Program is tailored to the individual needs of clients through the use of each client’s risk profile as generated through the WealthCoach Portal, each client’s selected allocation strategy and any input or customization provided by a Westwood Advisors representative upon request.

As a condition of participating in the Program, clients must agree to receive documents and disclosures electronically and to use the electronic signature features of the WealthCoach Portal. Clients are responsible for ensuring that they maintain access to the email address used to communicate about the Program and to ensure that clients can access the WealthCoach Portal and download and read any documents or disclosures.

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Westwood Advisors may add additional allocation strategies, allocation models or investment strategy types available in the Program or modify the existing ones at any time without prior notice to clients. The Westwood WealthCoach Program utilizes a flat, asset-based fee (“WealthCoach Advisory Fee”) that covers investment advice, portfolio management, administration, custodial and brokerage delivered by the Program, its technology service providers and its other designees as part of the Program. Client is charged the same Advisory Fee Rate regardless of the allocation model selected.

The WealthCoach Advisory Fee does not cover transaction fees imposed by the Custodian related to the purchase or sale of securities, which will be incurred when an account is rebalanced. Transaction fees will vary depending on the nature of the security being transacted. Transaction fees will be deducted by the Custodian at the time of the transaction. Westwood does not receive any portion of the transaction fees.

Westwood Advisors launched the Westwood WealthCoach Program in September 2017. As of December 31, 2021, the Westwood WealthCoach Program had approximately 49 accounts and \$4,948,722 in assets under management.

#### The WealthCoach Portal

Westwood Advisors has integrated software and other technology services from AdvisorEngine, Inc. (“AdvisorEngine”) into the WealthCoach Portal to facilitate the new account documentation process, risk tolerance questionnaire responses and investment allocation proposals. AdvisorEngine’s technology is provided to Westwood Advisors by AdvisorEngine pursuant to an agreement with Westwood Advisors.

The questions on the risk tolerance questionnaire are determined by Westwood Advisors, and the parameters for creating an allocation proposal based on a client’s risk profile are implemented on the WealthCoach Portal based on Westwood Advisors’ direction.

#### Management of WealthCoach Accounts

Clients use the WealthCoach Portal to review and update their profile as well as their risk profile. Client requests for certain changes to their account profiles (such as contact information) or requests for transferring funds are monitored by Westwood Advisors personnel and may require approval by Westwood Advisors.

The risk tolerance responses are reconfirmed by the client each year through the WealthCoach portal or in consultation with a Westwood Advisors representative.

The ongoing management of the accounts in the Program and client reporting is conducted using software and services from AdvisorEngine pursuant to an agreement between AdvisorEngine and Westwood Advisors. These services have been implemented by Westwood Advisors to facilitate management of accounts in the Program (the “WealthCoach Account Platform”). AdvisorEngine’s sole role in the Program is as a technology service provider to Westwood Advisors. AdvisorEngine

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does not provide any investment advisory services to Westwood Advisors or clients participating in the Program. The software that Westwood Advisors uses from AdvisorEngine is licensed by Westwood but is owned by AdvisorEngine. Certain functionality of the AdvisorEngine software has been incorporated into the WealthCoach Portal to provide clients with information and reports about their account, including portfolio value, performance reports, custodial statements and billing information.

The WealthCoach account platform is used by Westwood Advisors for trade order management, monitoring the investment allocations, performance calculations and reporting, and generating the billing information for the custodians. Westwood Advisors monitors investment allocations in each account using the WealthCoach account platform and generates trades to maintain proper asset allocation. Westwood Advisors personnel review trades at an aggregate level and, once approved, trades are sent to the custodian for execution.

The Platform will monitor client's account daily on an automated basis, while Westwood Advisors will typically cause a rebalancing of the account either quarterly or on a more frequent basis to achieve the Program's target allocation in an effort to optimize returns for the intended level of risk. The rebalancing threshold may differ for certain custom portfolios. At least on a quarterly basis, or more frequently if requested by Client, a Westwood Advisors representative will review client's Account, to verify that the investment allocations are in line with the asset allocation model targets, that client's risk tolerance responses are still valid and that all reporting (e.g., performance, statements and tax documents) has been generated and provided to Client.

Westwood Advisors personnel periodically review accounts, individually and at the aggregate level, to ensure that the investment allocations are in line with their targets, that the risk tolerance responses are still valid and that all reporting (performance, statements and tax documents) have been completed.

#### Updating Client Information

Clients should review their investment goals and objectives at least quarterly. Clients should update their information whenever their investment goals and objectives change significantly. Clients will be asked to update or confirm their investment goals and objectives and other personal information at least annually. Generally, clients will be directed to update information through the WealthCoach Portal. Clients may also contact a Westwood Advisors representative to discuss or to update any information.

#### Reporting

Westwood Advisors creates reports for WealthCoach clients, which include a summary of the asset allocation, performance by account and by asset class, and a summary of account activity. WealthCoach account reports are available quarterly by default or monthly upon the request of a client. These reports are available to clients through the WealthCoach Portal and may be made



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available through custodians as well. Clients should compare their WealthCoach statement with their custodial statements.

**Direct Advisory Program**

Westwood Advisors participates as an advisor on certain brokerage platforms through which Westwood Advisors offers the separate account strategies of its affiliate, Westwood Management, using model portfolios provided by Westwood Management, Westwood Advisors provides an additional layer of advisory services to help clients select one or more Westwood strategies, to periodically review clients' accounts and consult with clients about the Westwood strategies. Investment advisory services in the Direct Advisory Program are individually tailored to the needs of clients through the initial and ongoing consultation between a Westwood Advisors representative and the client and through coordination and customization in the sub-advisory relationship with Westwood Management.

Westwood Advisors typically implements and monitors a client's guidelines by entering restrictions in our electronic guideline monitoring tool that interfaces with our trade order management system. The system is used by Westwood Advisors' and Westwood Management's trading and compliance teams to perform daily and real-time monitoring. Restrictions may also be monitored manually if needed. In addition, Westwood Advisors reviews all accounts annually to ensure that the investment guidelines are current and correctly entered into the guideline monitoring tool. A client can impose restrictions on specific equities. To do so, client should contact a Westwood Advisors representative.

Westwood Advisors commenced offering advisory services through the Direct Advisory Program starting in August 2017. As of December 31, 2021, the Direct Advisory Program had approximately 267 accounts and \$94,842,707 in assets under management.

Client online access and reporting is made available through the custodians' platforms. Westwood Advisors is responsible for monitoring and rebalancing the accounts and providing performance reporting to the client at least quarterly. The onboarding process for this program requires communication with the client, manual preparation of the new account documents and approval of the proposed investment allocation.

**Trading in Multi-Asset SMA Accounts: Income Opportunity SMA, High Income SMA and Total Return SMA Accounts**

Westwood generally updates and trades accounts assigned to the following multi-assets strategies once a month: Income Opportunity SMA, High Income SMA and Total Return SMA. These Multi-Asset SMA strategies are traded as separate strategies from their respective institutional strategies and trades for the same security are not typically subject to aggregation or rotation with institutional accounts.

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**Financial Planning and Consultative Services**

In addition to investment advisory services, Westwood Advisors may provide financial planning services to some of its clients. These services seek to develop long-term strategies tailored to the needs of the individual client, requiring client meetings to conduct a comprehensive review of the client's current financial situation. A review of the client's current investment statements, insurance products, estate planning documents, budget and employee benefit packages is necessary to understand the client's financial situation and provide financial planning services.

The goal of financial planning services is to determine the adequacy of existing trust and estate planning, retirement planning, charitable giving, and business succession planning. If appropriate for the individual client, recommendations are made to further the client's financial goals and objectives. Other professionals (e.g., lawyers, accountants, insurance agents, etc.) may be engaged by Westwood Advisors under the direction of the client on an as-needed basis for the purpose of carrying out the client's objectives.

Financial advisory consultative services and consulting recommendations may pose a potential conflict of interest between Westwood Advisors and the client. For example, a recommendation to engage Westwood Advisors for investment management services or a recommendation to increase the level of investment assets with Westwood Advisors would pose a conflict of interest as it would increase the advisory fees paid to Westwood Advisors. Westwood Advisors has sought to address these potential conflicts by making it clear to clients that they are not obligated to implement any recommendations made by Westwood Advisors. If clients elect to act on any of the recommendations made by Westwood Advisors, clients are under no obligation to execute the transaction through Westwood Advisors.

**Employer Sponsored Retirement Plan Services**

Westwood Advisors generally acts as a 3(21) or 3(38) fiduciary to employer sponsored retirement plans. Westwood Advisors provides services to employer sponsored retirement plans (the "Plan") including defined benefit pension plans, 401(k), and profit-sharing plans, and the Plan's management personnel (the "Plan Client"), with a range of discretionary and non-discretionary services, including:

- Select on a discretionary basis the investment options available to the Plan participants in accordance with the Plan's investment policies and objectives, including the accommodation of restricting specific equities at a Plan Client's request, and consistent with the Employee Retirement Income Security Act of 1974 ("ERISA") Section 404(c) and the regulations thereunder.
- Provide non-discretionary investment advice to the Plan Client about asset classes, benchmarks, asset allocations, investment option fees and investment alternatives available to the Plan in accordance with the Plan's investment policies and objectives.

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- Assist the Plan Client in the development of an investment policy statement (“IPS”).
- Assist in monitoring investment options by preparing quarterly investment reports that document investment performance, consistency of fund management and conformance to the guidelines set forth in the IPS and make recommendations to maintain or remove and replace investment options.
- Meet or consult with the Plan Client at least annually to discuss investment reports, investment options or other services.
- Provide non-discretionary investment advice to the Plan sponsor with respect to the selection of a qualified investment alternative (“QDIA”) for participants who are automatically enrolled in the Plan or who otherwise fail to make an investment election.

Employer sponsored retirement plan services are specific to each client and are based on the Plan Client’s objectives, strategy for the Plan, investment committee involvement and participant needs and preferences, as well as other factors.

Custody of all Plan assets will be maintained with a third party custodian selected by the Plan’s sponsor, and Plan recordkeeping will be provided by a third party recordkeeper selected by the Plan’s sponsor. The Plan’s sponsor is responsible for paying all fees or charges of the custodian and recordkeeper. Westwood Advisors does not monitor or oversee recommendations or services rendered by third party service providers or the third party service providers’ compliance with applicable laws.

The Plan’s custodian, recordkeeper or sponsor is responsible for arranging for the execution of securities transactions through a broker-dealer it believes can provide best execution. Sponsor acknowledges that, in the performance of employer sponsored retirement plan services, Westwood Advisors will not have any discretionary authority or responsibility over the administration of the Plan or for the interpretation of Plan documents, the determination of participant eligibility, benefits, vesting, or the approval of the distributions to be made by the Plan.

Westwood Advisors does not provide any services to the Plan or Plan sponsor other than the services expressly agreed to in the executed investment advisory agreement.

Westwood Advisors does not provide the services as a fiduciary to an investment contract, product or entity that holds the Plan assets; nor does it perform recordkeeping or brokerage services to the Plan. Westwood Advisors will not and cannot provide legal or tax advice to the Plan sponsor and/or the Plan (or any Plan participant or beneficiary).

Westwood Advisors’ affiliate, Westwood Management, manages the Westwood Funds family of mutual funds. Westwood Advisors may cause ERISA accounts to become invested in the Westwood Funds. If ERISA accounts are invested in Westwood Funds, Westwood Advisors will not charge ERISA accounts a fee for investment management or other fiduciary services provided

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to the ERISA accounts on the portion of the assets in the ERISA accounts that are so invested. For ERISA accounts to be eligible to invest in Westwood Funds, clients are required to execute the Affiliated Funds Addendum to the Investment Advisory Agreement.

**Private Investment Funds**

When appropriate, Westwood Advisors may recommend that qualified clients consider allocating a portion of their investment assets to certain affiliated or unaffiliated private investment funds and other opportunistic investments. Westwood Advisors' role relative to the private investment funds is typically limited to its initial and ongoing due diligence and investment monitoring services. The terms and conditions for participation in these funds, including fund management fees, minimum investment, conflicts of interest, and specific risk factors to consider, are set forth in each fund's offering documents. Westwood Advisors currently provides advisory services on private investment funds offered through a Series LLC structure, partnerships, directly to the Salient MLP Total Return TE Fund, LP, and the Salient MLP Total Return Fund, LP ("MLP Funds"), as well as indirectly through third party funds.

Before investing in private investment funds, clients should carefully review Westwood Advisors' Private Funds Advisory Services Brochure and all relevant offering documents.

**Item 5 - Fees and Compensation**

**Westwood WealthCoach**

Clients in the WealthCoach Program pay Westwood Advisors an annual fee equal to 30 basis points (0.30%) based on account value.

Fees for the Program are billed to Client and collected in four quarterly installments on or about the first calendar date of the second month of each quarter (each, a "Payment Date"), and are calculated as the product of (i) Advisory fee base as of the average daily balance for the quarter preceding the quarter in which the Payment Date falls and (ii) one-fourth of the Advisory Fee Rate; *provided, however*, that the (a) initial quarter advisory fee will be pro-rated based on the day active management of Client's Account begins (*i.e.*, the Program's first trade date) (the "Fee Start Date"), and (b) the final quarter Advisory Fee will be subject to additional proration based on the date Client's Account is terminated (the "Fee End Date"), with any excess fee rebated to Client's Account. Accordingly, on Client's first Payment Date, two separate advisory fee payments will be made using the same advisory fee base: (1) a payment in arrears representing the advisory fee for the quarter then-ended; and (2) a payment in advance representing the advisory fee for the quarter then-beginning. Notwithstanding the foregoing, if Client terminates his or her Account prior to the first Payment Date, the Fee End Date will be deemed a Payment Date and a pro-rated advisory fee will become due and payable for that first quarter based on the period beginning on

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the Fee Start Date and ending on the Fee End Date, and the advisory fee base determined as of that Fee Start Date.

Clients who terminate their accounts prior to the end of the quarter will receive a prorated refund which will be paid through the custodian, which will, in general, be automatically calculated and remitted to the client. Clients with questions or concerns relating to a potential refund may contact a Westwood Advisors representative.

Fees in the program are generally not negotiable. However, certain accounts, including accounts that were formerly Westwood Trust accounts may be set up in the Program with custom fee schedules.

Fees for the Program covers investment advice, portfolio management, administration, custodial and brokerage delivered by Westwood Advisors, its technology service providers and its other designees as part of the Program. The Program charges clients the same fees regardless of the allocation model selected.

Fees for the Program do not cover transaction fees assessed by the Custodian ("Transaction Fees"). Transaction Fees will be paid at the time of the transaction, which includes each time the Account is rebalanced. Furthermore, the fees do not cover and, if warranted, Client will be responsible and charged for the following items, which may include but are not limited to: (i) interest on debit account balances; (ii) the entire public offering price (including underwriting commissions or discounts) on securities purchased from an underwriter or dealer involved in a security distribution; (iii) exchange fees, regulatory transaction fees, transfer taxes, and other fees required by applicable law, regulations or rules; (iv) electronic fund and wire transfer fees; (v) trust service charges; (vi) fees for the redemption of mutual fund shares; and (vii) transaction fees for liquidation of ineligible assets transferred to an Account. Client may also incur certain charges imposed by other third parties in connection with investments made by the Program, including among others: (a) mutual fund 12b-1, shareholder servicing and sub-transfer-agent fees; (b) ETF and/or mutual fund management, administrative servicing, sales and other fees or expense allowances; (c) certain deferred sales charges on previously purchased mutual funds; and (d) individual retirement account and qualified retirement plan fees. Other parties may receive a portion of the third-party fees described in this paragraph.

Transaction Fees will vary depending on the nature of the security being transacted. Transaction Fees will be deducted by the Custodian at the time of the transaction. Westwood does not receive any portion of the Transaction Fees.

Asset allocation models may contain Westwood Funds or other affiliated funds in which Westwood Management or an affiliate receives an advisory fee. This is a conflict of interest for Westwood Advisors because it may give Westwood Advisors an incentive to include Westwood-affiliated funds in the asset allocation models. Westwood Advisors has sought to address these conflicts by using the Fund Selection and Allocation Committees. All mutual funds, including affiliated and unaffiliated funds, used in the allocation models are no-load funds.

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Investment allocation services and models similar to those used in the Program may be available from other providers for a lower fee. The mutual funds, including Westwood Funds, and ETFs within the allocation models are available outside of any advisory program.

**Direct Advisory Program**

Westwood Advisors generally charges a flat annual management fee equal to 85 basis points (0.85%) on accounts with assets totaling over \$2,000,000 and a flat annual management fee equal to 95 basis points (0.95%) on accounts with assets totaling \$2,000,000 or less on all Direct Advisory Program accounts. The fee charged for the Direct Advisory Program will include fees for strategies from Westwood Management Corp.

Westwood Advisors investment advisory fee shall be prorated, paid quarterly in advance based on the market value of the assets on the last business day of the previous quarter and is deducted from client's account. Investment management agreements may be terminated by either party upon written notice to the other party. Clients who terminate their accounts prior to the end of the quarter will receive a prorated refund, which will, in general, be automatically calculated and remitted to the client. Clients with questions or concerns relating to a potential refund may contact their Westwood Advisors representative.

Fee rates, minimum fees and billing methods in the Direct Advisory Program may be negotiated.

Clients in the Direct Advisory Program may incur brokerage fees, transaction ticket fees, wire transfer fees and other expenses charged by the custodian which will be billed directly to each client's account. Westwood Advisors does not receive any portion of such commissions or fees from the custodian or clients. Portfolio management fees are separate and distinct fees charged by mutual funds, ETFs or other investments.

For some of our advisory services, Westwood Advisors representatives may recommend Westwood-affiliated products, which may be considered as a factor in the total compensation paid to Westwood Advisors representatives paid by Westwood Advisors. This compensation consideration which may be paid by Westwood Advisors to the representatives has no impact on the base fee paid by the client. The potential for increased representative compensation paid by Westwood Advisors may incentivize a representative to recommend investment products based on the possibility of increased compensation, rather than need, and may create a conflict of interest. To mitigate this potential conflict of interest, it is the policy of Westwood Advisors that clients' interests shall always be considered ahead of personal gain. Clients have the right to receive information about representative compensation and are not required to accept a recommendation to invest in Westwood-affiliated products.

**Financial Planning and Consultative Services**

Westwood Advisors provides financial planning and consultative services as an ancillary offering to existing Direct Advisory Program clients. Depending on the nature of the services provided,



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such services may be included in the flat management fee charged by the Direct Advisory Program. Westwood Advisors may charge an additional hourly fee to clients requiring highly customized, complex and comprehensive financial planning services, which is determined on a case-by-case basis by a Westwood Advisors representative based on the services rendered and agreed upon with the client.

**Employer Sponsored Retirement Plan Services**

For services rendered to employer sponsored retirement plans, Westwood Advisors generally charges a \$2,000 annual base fee (the “Base Fee”) and an annual fee rate equal to twenty basis points (0.20%) (the “Annual Fee Rate”).

Westwood Advisors employer sponsored retirement plan service fees shall be prorated, paid quarterly in advance based on the market value of the Plan assets on the last business day of the previous quarter, and will generally be billed directly to the Plan Client for payment. Investment advisory agreements may be terminated by either Westwood Advisors or the Plan Client upon written notice to the other party. Plan Clients that terminate the client relationship prior to the end of the quarter will receive a prorated refund, which will, in general, be automatically calculated and remitted to the Plan Client. Plan Clients with questions or concerns relating to a potential refund may contact a Westwood Advisors representative.

The Base Fee and Annual Fee Rate may be negotiated.

**Private Investment Funds**

On occasion, Westwood Advisors, on a non-discretionary basis, may recommend that certain qualified clients consider an investment in unaffiliated private investment funds. These investments do not pay Westwood Advisors an investment fee. Unaffiliated private investments offered by Westwood Advisors are subject to the same Direct Advisory Program fees as described above. Generally, accounts and account allocations comprised of private investment funds, including those currently available through the Blackstone Group, are subject to a flat annual advisory fee of 85 basis points (0.85%).

In addition, Westwood Advisors, on a non-discretionary basis, may recommend that certain qualified clients consider an investment in private investment funds offered through certain partnerships between Westwood Advisors and an unaffiliated private investment manager or through Westwood Advisors’ own series LLC structure or the MLP Funds. Management fees and the method for calculating fees and the method for the payment of fees associated with an investment in private fund opportunities varies with each investment opportunity, however, all relevant information relating to fees is specified in each investment fund’s offering documents and subscription agreement.

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

### **Westwood WealthCoach**

Westwood Advisors does not receive any performance-based fees or have side-by-side management arrangements with respect to the WealthCoach Program.

### **Direct Advisory Program**

Westwood Advisors may receive a performance-based fee on certain qualifying accounts. Performance-based or “goals-based” fees are only available to clients that are “qualified clients” as defined in SEC Rule 205-3 under the Investment Advisers Act of 1940 (17 C.F.R. §275.205-3) and for whom Westwood Advisors determines goals-based fees are suitable.

Generally, goals-based fees are intended to reward manager outperformance but also designed to avoid creating an incentive for excessive risk taking. Westwood Advisors seeks to do this by creating a fee structure that rewards Westwood Advisors for outperforming an appropriate benchmark but that also sets a maximum fee rate as a percentage of assets in the event of significant outperformance.

Goals-based fees include a base fee component and a performance-fee component. Generally, the base fee consists of a flat annual fee of 50 basis points (0.50%) paid quarterly, while the performance-fee component is paid annually in arrears and calculated based upon one-year trailing returns defined as ten percent (10%) of investment returns over five percent (5%), capped at 125 basis points (1.25%) of the total value of the client’s portfolio.

## **Item 7 - Types of Clients**

### **Westwood WealthCoach**

The WealthCoach Program is primarily available to individual clients who enroll and interact with Westwood Advisors through the WealthCoach Portal. The minimum value to establish an account in the Program is \$5,000; however, we may establish accounts with a custom minimum value.

### **Direct Advisory Program**

Advisory services through the Direct Advisory Program are primarily available to individual and institutional clients, including foundations and endowments, referred to Westwood Advisors through brokerage platforms. Accounts are generally subject to a minimum initial account value of \$500,000; however, accounts invested in the SmallCap strategy may be subject to a minimum initial account value of \$750,000. Minimums may be waived in special circumstances, such as for clients with other relationships with Westwood entities.



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**Financial Planning and Consultative Services**

Westwood Advisors makes financial planning and consultative services available to individual clients in the Direct Advisory Program at the clients' direction.

**Employer Sponsored Retirement Plan Services**

Generally, Westwood Advisors provides employer sponsored retirement plan services to small-to-midsized privately held companies and start-ups, including defined benefit plans, 401(k) plans and other qualified and non-qualified pension and profit-sharing plans, as well as consultative services to Plan Client management.

**Private Investment Funds**

Generally, access to private investment funds is only made available to "accredited investors" or "qualified purchases", as appropriate, as defined in Regulation D adopted by the Securities and Exchange Commission under the 1933 Act. In addition to offering access to private investment funds, Westwood Advisors acts as a manager of private investment funds.

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

Investing in securities involves risk of loss, including a complete loss of principal that clients should be prepared to bear.

**Westwood WealthCoach Investment Objectives**

Allocation Models

The allocation models available in the WealthCoach Program correspond to five risk levels: Conservative, Moderate, Enhanced Balanced®, Growth, and Aggressive. Each allocation model consists of allocations to actively managed mutual funds and index-based mutual funds or ETFs. The actively managed mutual funds may include Westwood-affiliated funds.

The following summarizes the investment objectives of each of the Program's five allocation model risk levels:

- *Conservative:* Designed for investors with the lowest possible risk tolerance and an estimated investment time horizon of 0 – 5 years. The objective of this model is for short-term investors who have spending needs within five years. Investors in this strategy may be more concerned with generating income and protecting capital rather than growing their assets. Because this allocation is actively managed, asset class weighting changes will

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occur over time. The anticipated investment ranges for this allocation are: Equities, 20%; Bonds, 50%; Multi-Asset, 25%; and Cash, 5%.

- *Moderate*: Designed for investors with a low risk tolerance and an estimated time horizon of 5 – 10 years. The objective of this model is to generate income, minimize the impacts of volatility and achieve capital appreciation through a modest equity exposure. Investors in this model may be more concerned with generating income and downside market protection as opposed to growing their assets. Because this allocation is actively managed, asset class weighting changes will occur over time. The anticipated investment ranges for this allocation are: Equities, 40%; Bonds, 35%; Multi-Asset, 22%; and Cash, 3%.
- *Enhanced Balanced*<sup>®</sup>: Designed for investors seeking a balanced allocation approach with an estimated time horizon of 10 – 20 years. The objective of this model is to provide an opportunity for reasonable returns, while managing the overall volatility of the portfolio. Investors in this strategy may be most concerned with balancing a need for capital appreciation with a desire to minimize volatility. Because this allocation is actively managed, asset class weighting changes will occur over time. The anticipated investment ranges for this allocation are: Equities, 60%; Bonds: 19%; Multi-Asset, 20%; and Cash, 1%.

Enhanced Balanced allocation is an actively managed allocation which uses actively managed and index funds to represent the asset classes. The Enhanced Balanced<sup>®</sup> strategy is the primary asset allocation strategy used by Westwood Wealth Management.

- *Growth*: Designed for investors with a higher risk tolerance and an estimated time horizon of 20 – 30 years. The objective of this model is to primarily provide capital appreciation followed by managing volatility. Investors in this model are focused on returns, with moderate concern for market volatility. Because this allocation is actively managed, asset class weighting changes will occur over time. The anticipated investment ranges for this allocation are: Equities, 70%; Bonds, 14% - 40%; Multi-Asset, 15%; and Cash, 1%.
- *Aggressive*: Designed for investors with the highest possible risk tolerance and an estimated time horizon of 30+ years. The objective of this model is for capital appreciation with very little concern for portfolio volatility. Investors in this model are focused on long term capital appreciation in order to achieve their investment objective. Because this allocation is actively managed, asset class weighting changes will occur over time. The anticipated investment ranges for this allocation are: Equities, 80%; Bonds, 9%; Multi-Asset, 10%; and Cash, 1%.

Suitability Standards for Westwood WealthCoach Program

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Suitability is determined using the risk tolerance questionnaire completed by clients and the other information entered by clients. This information is used by a scoring system integrated into the WealthCoach Portal. Specific factors used in the scoring system include age, investment objections, investment experience, time horizon, risk tolerance, hypothetical decisions the client would make in market scenarios, investment goals, relative preference for market outperformance versus downside protection, cost and tax considerations. Generally, the scoring system matches clients to the investment objectives and intended risk and return characteristics of the allocation models.

**Direct Advisory Program Investment Objectives**

Investment Strategies

In the Direct Advisory Program, Westwood Advisors offers a subset of the investment strategies of its affiliate, Westwood Management.

**U.S. Value Investment Strategies**

The investment philosophy for Westwood's U.S. Value Team can be summarized by the following core principles:

- Investing in undervalued, high-quality businesses can generate a return premium resulting in lower absolute downside risk and superior risk-adjusted returns.
- Superior business models have sustainable competitive advantages that can consistently generate returns on capital in excess of the cost of capital.
- High quality businesses have better opportunities to reinvest cash flows, pursue M&A and return capital to investors, creating long-term value for shareholders.
- Quality performs better during periods of volatility resulting in lower downside risk.
- Identifying the intersection of quality and value requires a fundamental active, multifaceted approach analyzing profitability and financial strength specific across industries.
- Valuation methods using cash flows and earnings is essential to determine intrinsic value making valuation critical to realizing the return premium.

Note that investment strategy and other important information about the Salient MLP Total Return Fund, L.P., and the Salient MLP Total Return TE Fund, L.P., is disclosed in each fund's Private Placement Memorandum and is not included below.

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Descriptions of each strategy are as follows:

**AllCap Value Strategy**

Investments in equity securities of approximately 50 to 80 companies benchmarked to the Russell 3000 Value Index.

**Custom Asset Allocation Strategy**

For the Custom Asset Allocation strategy, Westwood utilizes a diversified strategy that is customizable based upon each client's individual objectives and constraints. Westwood typically deploys a balanced investment allocation utilizing a combination of domestic and international equity and investment-grade fixed income securities.

**Dividend Select**

In providing the Dividend Select strategy, Westwood Advisors uses the universe of approved securities for the U.S. value strategies of its affiliate, Westwood Management Corp. ("WMC"). These securities are selected utilizing a value style of investing in which WMC selects investments believed to be currently undervalued in the market. Key metrics for evaluating the risk/return profile of an investment may include an improving return on equity, a declining debt/equity ratio and, in the case of common equities, positive earnings surprises without a corresponding increase in Wall Street estimates.

For the Dividend Select strategy, Westwood Advisors selects from among these securities the "high conviction" securities with a focus on the securities in WMC's concentrated strategies and securities included in multiple WMC investment strategies. The Dividend Select strategy specifically selects stocks that pay a dividend of at least 1.5%, seeking to be heavily weighted toward stocks paying a dividend of 2.5% or more, while maintaining sector diversification.

Westwood has disciplines in place that may serve as sell signals, such as a security reaching a predetermined price target or a change to a company's fundamentals that negatively impacts the original investment thesis. Westwood will not necessarily sell a security that has depreciated below any stated market capitalization set forth below. For taxable accounts invested in the Dividend Select strategy, Westwood Advisors also makes sell decisions in consideration of tax consequences.

For the Dividend Select strategy, Westwood Advisors invests in companies with a range of market capitalizations which will typically include securities with a market capitalization of greater than \$100 billion at the time of purchase. The strategy invests in approximately 15 to 25 securities.

**Enhanced Balanced®**

The Enhanced Balanced strategy is based on a standard balanced portfolio of 60% U.S. stocks and 40% U.S. Bonds with additional asset classes and allocation weightings to potentially improve the risk/return profile. Enhanced Balanced allocation is an actively managed allocation which uses

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actively managed and index funds to represent the asset classes. The Enhanced Balanced® strategy is the primary asset allocation strategy used by Westwood Wealth Management.

**Electric Vehicle Strategy**

The Electric Vehicle or “EV” strategy provides exposure to alternative energy sources, electric vehicles and the companies developing the requisite infrastructure for the transition from fossil fuels to alternative sources of energy. The strategy invests across the market capitalization structure in approximately 30 to 40 stocks.

**High Alpha Strategy**

In providing the High Alpha strategy, Westwood Advisors uses the universe of approved securities for the U.S. value strategies of its affiliate, Westwood Management Corp. (“WMC”). These securities are selected utilizing a value style of investing in which WMC selects investments believed to be currently undervalued in the market. Key metrics for evaluating the risk/return profile of an investment may include an improving return on equity, a declining debt/equity ratio and, in the case of common equities, positive earnings surprises without a corresponding increase in Wall Street estimates.

For the High Alpha strategy, Westwood Advisors selects from among these securities the “high conviction” securities with a focus on the securities in WMC’s concentrated strategies and securities included in multiple WMC investment strategies. The strategy will consist of both value and growth stocks.

Westwood has disciplines in place that may serve as sell signals, such as a security reaching a predetermined price target or a change to a company’s fundamentals that negatively impacts the original investment thesis. Westwood will not necessarily sell a security that has depreciated below any stated market capitalization set forth below. For taxable accounts invested in the High Alpha strategy, Westwood Advisors also makes sell decisions in consideration of tax consequences.

For the High Alpha strategy, Westwood Advisors invests in companies with a range of market capitalizations which will typically include securities with a market capitalization of greater than \$100 billion at the time of purchase. The strategy invests in approximately 25 to 35 securities.

**Income Opportunity Lite Strategy**

Multi-asset strategy that invests across multiple bond sectors including convertibles and income producing equity securities. The Income Opportunity Lite strategy is designed to offer a strategy that is similar to Westwood’s institutional Income Opportunity strategy in a format that can be implemented for individual accounts. To do so, the strategy will generally use ETFs or mutual funds to gain exposure to the MLP asset class and certain types of fixed income securities.

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**LargeCap Value Strategy**

Investments in equity securities of approximately 40 to 60 companies benchmarked to the Russell 1000 Value Index.

**MidCap Value Strategy**

Investments in equity securities of approximately 50 to 80 companies benchmarked to the Russell Midcap Value Index.

**Platinum Strategy**

For the Platinum strategy, Westwood typically invests in companies with market capitalizations greater than \$2 billion and seeks to achieve capital appreciation and dividend growth. The strategy invests in approximately 30-50 securities.

**REIT Strategy**

For the REIT strategy, Westwood typically invests in REIT securities of companies that own, and usually operate, income-producing real estate assets. The strategy invests in approximately 50 to 75 publicly traded REITs.

**Select Equity**

In providing the Select Equity strategy, Westwood Advisors uses the universe of approved securities for the U.S. value strategies of its affiliate, Westwood Management Corp. (“WMC”). These securities are selected utilizing a value style of investing in which WMC selects investments believed to be currently undervalued in the market. Key metrics for evaluating the risk/return profile of an investment may include an improving return on equity, a declining debt/equity ratio and, in the case of common equities, positive earnings surprises without a corresponding increase in Wall Street estimates.

For the Select Equity strategy, Westwood Advisors selects from among these securities the “high conviction” securities with a focus on the securities in WMC’s concentrated strategies and securities included in multiple WMC investment strategies.

Westwood has disciplines in place that may serve as sell signals, such as a security reaching a predetermined price target or a change to a company’s fundamentals that negatively impacts the original investment thesis. Westwood will not necessarily sell a security that has depreciated below

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any stated market capitalization set forth below. For taxable accounts invested in the Select Equity strategy, Westwood Advisors also makes sell decisions in consideration of tax consequences.

For the Select Equity strategy, Westwood Advisors invests in companies with a range of market capitalizations which will typically include securities with a market capitalization of greater than \$100 billion at the time of purchase. The strategy invests in approximately 35 to 40 securities.

**SmallCap Value Strategy**

Investments in equity securities of approximately 50 to 70 companies benchmarked to the Russell 2000 Value Index.

**SMidCap Value Strategy**

Investments in equity securities of approximately 50 to 70 companies benchmarked to the Russell 2500 Value Index.

**Systematic LargeCap Growth Strategy**

Investments in equity securities of approximately 100 growth companies benchmarked to the Russell 1000 Growth Index.

**Systematic SmallCap Growth Strategy**

Investments in equity securities of approximately 100 growth companies benchmarked to the Russell 2000 Growth Index.

**Risk of Loss in the Westwood WealthCoach and Direct Advisory Programs**

As with all investments, investing in securities involves risk of loss that clients should be prepared to bear. Clients should carefully consider the risks in participating in the Program. These risks include *General Risks* related to the Program as well as the *Underlying Risks* related to the asset classes and investment vehicles used in the Program.

**General Risks Applicable to Both the Westwood WealthCoach Program and Direct Advisory Program**

**Investment Personnel Turnover Risk.** Personnel of Westwood Advisors may end their employment and Westwood may reorganize its investment teams which may affect the management of Program accounts and of Westwood Advisors' investment strategies.

**General ETF Risks.** Investing in ETFs may introduce additional risks beyond those of the underlying investments. Specifically, the value of the ETF may not track the values of the underlying investments, due to such factors as trading and liquidity in the ETF and differences between the index and the weighting of securities in the portfolio. ETFs also have internal fees



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and expenses which can affect the performance of the ETF as compared to its portfolio of securities.

**Mutual Fund Risk** – Mutual funds involve risk of loss, and there is no guarantee that a mutual fund will achieve its goals. The mutual fund advisor’s (and/or subadvisor’s) judgments about the markets, the economy, or companies may not anticipate actual market movements, economic conditions, or company performance, and these judgments may affect the return on the investment. The value of an investment in a mutual fund is based on the value of the securities the fund holds. These prices change daily due to economic and other events that affect particular companies and other issuers. These price movements, sometimes called volatility, may be greater or lesser depending on the types of securities the fund owns and the markets in which they trade. The effect on a fund of a change in the value of a single security will depend on how widely the fund diversifies its holdings.

**Coronavirus or Pandemic Risk.** The global outbreak of the 2019 novel coronavirus (“COVID-19”), together with resulting voluntary and U.S. federal and state and non-U.S. governmental actions, including, without limitation, mandatory business closures, public gathering limitations, restrictions on travel and quarantines, has meaningfully disrupted the global economy and markets. Although the long-term economic fallout of COVID-19 is difficult to predict, it has and is expected to continue to have ongoing material adverse effects across many, if not all, aspects of the regional, national and global economy. A pandemic such as COVID-19 may impact the ability of Westwood Advisors to operate effectively, including the ability of its personnel or its service providers and other contractors to function, communicate and travel to the extent necessary. The spread of any contagious and debilitating health condition among Westwood Advisors’ personnel and its service providers may also affect Westwood Advisors’ ability to properly perform our duties.

**Cyber Security Risk.** Westwood Advisors and its affiliates and their clients may be subject to cyber security risks. Those risks include, among others, theft, misuse or corruption of data maintained online or digitally; denial of service attacks on websites; the loss or unauthorized release of confidential and proprietary information; operational disruption; or various other forms of cyber security breaches. Cyber-attacks against, or security breakdowns of Westwood or its service providers may harm Westwood clients; potentially resulting in, among other things, financial losses, the inability of Westwood and/or its clients to transact business, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, and/or additional compliance and remediation costs. Cyber security risks may also affect issuers of securities in which a client invests, potentially causing the client’s investment in such issuers to lose value. Despite risk management processes, there can be no guarantee that a client will avoid losses relating to cyber security risks or other information security breaches.



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Certain Risks Related to the Westwood WealthCoach Program

**Investment Model Risks.** Westwood Advisors applies its investment experience in establishing the Program, selecting the allocation models and the investment vehicles to use in each version of the models. However, there is no guarantee that Westwood Advisors will be successful in doing so. Westwood Advisors bases its investment decisions on factors which ultimately are derived from current and historical information available. There is no guarantee that historical trends will continue as assumed or expected.

Westwood Advisors may use analyses and/or theoretical models in its provision of investment advice which in turn are based on certain assumptions and depend on the accuracy of the data used in them. The generality of these assumptions may limit their effectiveness in specific cases. Models that are based on past data may fail to accurately predict future results.

**Digital Advice Platform Risks.** Westwood Advisors relies on the software and related technology services from AdvisorEngine. to run the WealthCoach Portal application to establish accounts and relies on software and services from AdvisorEngine to run the WealthCoach Account Platform. There is no guarantee that these applications will continue to be available nor that any application will retain its current functionality.

Underlying Risks

The following tables provide an overview of the risks relating to participation in the Westwood WealthCoach and Direct Advisory Programs relating to specific asset classes available in these programs. Each table refers to specific risk definitions which are included in the “*Risk Definitions*” section below.

*Asset Classes Available in the Westwood WealthCoach Program*

The allocation models available in the Westwood WealthCoach Program specify a broader allocation asset class and a more specific asset class within the broader asset class. For example, Westwood WealthCoach allocation models establish a certain allocation to US Equities within which a portion is allocated to each of the LargeCap, MidCap, SmallCap and AllCap Growth asset classes. Westwood’s risk definitions relate to the narrower asset classes. The table below shows the correspondence between the broader asset classes for the Westwood WealthCoach Allocation model and the asset classes for which Westwood’s risk definitions apply.

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<u>Type of Asset Class</u>	<u>Asset Class</u>
<b>US Equities</b>	LargeCap MidCap SmallCap AllCap Growth REITs MLP & Energy
<b>International Equities</b>	International Equity Global Equity Emerging Markets
<b>Bonds</b>	Investment Grade Bonds International Bonds High Yield Bonds Convertibles

*Strategies Available in the Direct Advisory Program*

The following strategies are generally available in the Direct Advisory Program:

- AllCap Value Strategy
- Custom Asset Allocation Strategy
- Dividend Select
- Enhanced Balanced®
- Electric Vehicle (“EV”) Strategy
- High Alpha Strategy
- Income Opportunity Lite Strategy
- LargeCap Value Strategy
- MidCap Value Strategy
- Platinum Strategy
- Select Equity
- SmallCap Value Strategy
- SMidCap Value Strategy
- Systematic Small Cap Growth
- Systematic Large Cap Growth

Risk Definitions

Each asset class has different risks that clients should consider. The tables below indicate the major types of risk that Westwood Advisors has identified as being most relevant to each asset

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class. Many asset classes share the same risks while other types of risk are more specific to some asset classes than to others. Following the tables are definitions for each of the types of risk identified in the table.

<b>AllCap Value Strategy</b>		
Equity Risk REIT Risk Small- and Mid-Capitalization Company Risk Foreign Securities Risk	Investment Style Risk Small-Capitalization Company Risk Foreign Currency Risk Initial Public Offering (IPO) Risk	Portfolio Turnover Risk Royalty Trust Risk MLP Risk ETF Risk Cyber Security Risk

<b>Custom Asset Allocation Strategy</b>		
Dividend Paying Stocks Risk Emerging Markets Securities Risk Equity Risk Foreign Currency Risk Foreign Securities Risk Investment Style Risk	Liquidity Risk MLP Risk REIT Risk Small- and Mid-Capitalization Company Risk Small-Capitalization Company Risk	Initial Public Offering (IPO) Risk Portfolio Turnover Risk ETF Risk Fixed Income Risk Preferred Stock Risk U.S. Government Securities Risk High Yield Bond Risk

<b>Dividend Select Strategy</b>		
Equity Risk Foreign Company Risk Foreign Currency Risk Investment Style Risk	Non-Diversified Investment Risk Portfolio Turnover Risk REIT Risk	Small- and Mid-Capitalization Company Risk •

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<b>Enhanced Balanced®</b>		
Dividend Paying Stocks Risk Emerging Markets Risk Equity Risk ETF Risk Fixed Income Risk Foreign Company Risk	Foreign Currency Risk High Yield Bond Risk Investment Style Risk Liquidity Risk MLP Risk Portfolio Turnover Risk	Preferred Stock Risk REIT Risk Small- and Mid-Capitalization Company Risk U.S. Government Securities Risk

<b>Electric Vehicle (“EV”) Strategy</b>		
Equity Risk Small- and Mid-Capitalization Company Risk	Investment Style Risk Liquidity Risk Portfolio Turnover Risk	Preferred Stock Risk

<b>High Alpha Strategy</b>		
Equity Risk Foreign Company Risk Foreign Currency Risk Investment Style Risk	Non-Diversified Investment Risk Portfolio Turnover Risk REIT Risk	Small- and Mid-Capitalization Company Risk

<b>Income Opportunity Lite Strategy</b>		
Equity Risk Fixed Income Risk High Yield Bond Risk Foreign Securities Risk Foreign Currency Risk Initial Public Offering (IPO) Risk	Royalty Trust Risk Small- and Mid-Capitalization Company Risk ETF Risk REIT Risk	Portfolio Turnover Risk MLP Risk U.S. Government Securities Risk Cyber Security Risk

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<b>LargeCap Value Strategy</b>		
Equity Risk REIT Risk Foreign Currency Risk	Investment Style Risk Royalty Trust Risk ETF Risk Initial Public Offering (IPO) Risk	Portfolio Turnover Risk MLP Risk Foreign Securities Risk Cyber Security Risk

<b>MidCap Value Strategy</b>		
Equity Risk Energy Sector Risk Mid-Capitalization Company Risk	Initial Public Offering (IPO) Risk Investment Style Risk REIT Risk Cyber Security Risk	MLP Risk Portfolio Turnover Risk

<b>Platinum Strategy</b>		
Benchmark Risk Cyber Security Risk Liquidity Risk Portfolio Turnover Risk Foreign Securities Risk	Foreign Currency Risk Equity Risk ETF Risk Investment Style Initial Public Offering (IPO) Risk MLP Risk	REIT Risk Royalty Trust Risk Small- and Mid-Capitalization Company Risk Dividend Paying Stocks Risk

<b>Select Equity Strategy</b>		
Equity Risk Foreign Company Risk Foreign Currency Risk Investment Style Risk	Non-Diversified Investment Risk Portfolio Turnover Risk REIT Risk	Small- and Mid-Capitalization Company Risk Small-Capitalization Company Risk

<b>SmallCap Value Strategy</b>		
Equity Risk REIT Risk Small- and Mid-Capitalization Company Risk Foreign Securities Risk	Investment Style Risk Small-Capitalization Company Risk Foreign Currency Risk Initial Public Offering (IPO) Risk	Portfolio Turnover Risk Royalty Trust Risk MLP Risk ETF Risk Cyber Security Risk

<b>SMidCap Value Strategy</b>		
Equity Risk Small- and Mid-Capitalization Company Risk Foreign Securities Risk Initial Public Offering (IPO) Risk	Investment Style Risk REIT Risk Royalty Trust Risk Foreign Currency Risk Cyber Security Risk	MLP Risk Portfolio Turnover Risk ETF Risk Small-Capitalization Company Risk

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<b>Systematic SmallCap Growth Strategy</b>		
Equity Risk	Investment Style Risk	MLP Risk
Growth Investing Risk	REIT Risk	Portfolio Turnover Risk
Small- and Mid-Capitalization	Royalty Trust Risk	ETF Risk
Company Risk	Foreign Currency Risk	Small-Capitalization Company Risk
Foreign Securities Risk	Initial Public Offering (IPO) Risk	Cyber Security Risk

<b>Systematic LargeCap Growth Strategy</b>		
Equity Risk	Investment Style Risk	Portfolio Turnover Risk
Growth Investing Risk	Royalty Trust Risk	MLP Risk
REIT Risk	ETF Risk	Foreign Securities Risk
Foreign Currency Risk	Initial Public Offering (IPO) Risk	Cyber Security Risk

**Asset-Backed Securities Risk** – Payment of principal and interest on asset-backed securities is dependent largely on the cash flows generated by the assets backing the securities, and asset-backed securities may not have the benefit of any security interest in the related assets.

**Bank Loans Risk** – Investments in bank loans (through both assignments and participations) are generally subject to the same risks as investments in other types of debt instruments, including, in many cases, investments in junk bonds. There may be limited public information available regarding bank loans and bank loans may be difficult to value. If the portfolio holds a bank loan through another financial institution or relies on a financial institution to administer the loan, its receipt of principal and interest on the loan may be subject to the credit risk of that financial institution. It is possible that any collateral securing a loan may be insufficient or unavailable, and that the portfolio’s rights to collateral may be limited by bankruptcy or insolvency laws. In addition, the secondary market for bank loans may be subject to irregular trading activity, wide bid/ask spreads, and extended trade settlement periods, which may cause the portfolio to be unable to realize the full value of its investment in a bank loan. Bank loans may not be considered “securities,” and purchasers therefore may not be entitled to rely on the anti-fraud protections of the federal securities laws.

**Borrowing Risk:** Borrowing for investment purposes creates leverage, which will exaggerate the effect of any increase or decrease in the market price of securities in the portfolio and, therefore, may increase the volatility of the portfolio. Money borrowed will be subject to interest and other costs (that may include commitment fees and/or the cost of maintaining minimum average balances). These costs may exceed the gain on securities purchased with borrowed funds. Increased operating costs, including the financing cost associated with any leverage, may reduce the portfolio’s total return. Unless the income and capital appreciation, if any, on securities acquired with borrowed funds exceed the cost of borrowing, the use of leverage will diminish the investment performance of the portfolio.

**Cash and Cash Equivalents Risk** – It is part of a portfolio’s investment strategy to, at times, hold a substantial portion of its assets in cash and/or cash equivalents, including money market instruments. Under

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certain market conditions, such as during a rising stock market, this strategy could have a negative effect on the portfolio's ability to achieve its investment objective. To the extent that the portfolio invests in a money market fund, the portfolio will indirectly bear a proportionate share of the money market fund's expenses.

**Concentration Risk:** The account may have its investment concentrated in issuers of one or more particular industries. There is a risk that those issuers (or industry sector) will perform poorly and negatively impact the account. Concentration risk results from maintaining exposure (long or short) to issuers conducting business in a specific industry. The risk of concentrating investments in a limited number of issuers in a particular industry is that the account will be more susceptible to market, economic, political, regulatory, and other conditions and risks associated with that industry than an account that does not concentrate its investments and invests more broadly across industries and sectors.

**Convertible Securities Risk** – The value of a convertible security is influenced by changes in interest rates (with investment value declining as interest rates increase and increasing as interest rates decline) and the credit standing of the issuer. The price of a convertible security will also normally vary in some proportion to changes in the price of the underlying common stock because of the conversion or exercise feature.

**Corporate Bond Risk** – Corporate bonds respond to economic developments, especially changes in interest rates, as well as perceptions of the creditworthiness and business prospects of individual issuers.

**Credit Risk** – The risk that the issuer of a security or the counterparty to a contract will default or otherwise become unable to honor a financial obligation. The credit rating or financial condition of an issuer may affect the value of a fixed income debt security. Generally, the lower the credit quality of a security, the greater the perceived risk that the issuer will fail to pay interest fully and return principal in a timely manner. If an issuer defaults or becomes unable to honor its financial obligations, the security may lose some or all of its value. The issuer of an investment-grade security is considered by the rating agency to be more likely to pay interest and repay principal than an issuer of a lower quality bond. Adverse economic conditions or changing circumstances may weaken the capacity of the issuer to pay interest and repay principal.

**Cyber Security Risk** – Westwood and its clients may be subject to cyber security risks. Those risks include, among others, theft, misuse or corruption of data maintained online or digitally; denial of service attacks on websites; the loss or unauthorized release of confidential and proprietary information; operational disruption; or various other forms of cyber security breaches. Cyber-attacks against, or security breakdowns of Westwood or its service providers may harm Westwood clients; potentially resulting in, among other things, financial losses, the inability of Westwood and/or its clients to transact business, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, and/or additional compliance and remediation costs. Cyber security risks may also affect issuers of securities in which a client invests, potentially causing the client's investment in such issuers to lose value. Despite risk management processes, there can be no guarantee that a client will avoid losses relating to cyber security risks or other information security breaches.

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**Debt Instruments Risk** – Debt instruments 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. Derivatives related to debt instruments may be exposed to similar risks for individual securities, groups of securities or indices tracking multiple securities or markets. Both debt securities and debt-related derivative instruments may be exposed to one or more of the following risks:

- **Credit Risk:** Credit risk refers to the possibility that the issuer of the security will not be able to make principal and interest payments when due. Changes in an issuer’s credit rating or the market’s perception of an issuer’s creditworthiness may also affect the value of the Portfolio’s investment in that issuer. The degree of credit risk depends on both the financial condition of the issuer and the terms of the obligation. Securities rated by the rating agencies in the four highest categories (Fitch, Inc. (“Fitch”) (AAA, AA, A, and BBB), Moody’s Investors Service, Inc. (“Moody’s”) (Aaa, Aa, A, and Baa) or S&P® Global Ratings (“S&P”) (AAA, AA, A, and BBB)) are considered investment grade, but they may also have some speculative characteristics, meaning that they carry more risk than higher rated securities and may have problems making principal and interest payments in difficult economic climates. Investment grade ratings do not guarantee that bonds will not lose value.
- **Extension Risk:** Extension risk is the risk that, when interest rates rise, certain obligations will be paid off by the issuer (or obligor) more slowly than anticipated, causing the value of these securities to fall. Rising interest rates tend to extend the duration of securities, making them more sensitive to changes in interest rates. The value of longer-term securities generally changes more in response to changes in interest rates than shorter-term securities. As a result, in a period of rising interest rates, securities may exhibit additional volatility and may lose value.
- **Interest Rate Risk:** The yields for certain securities are susceptible in the short-term to fluctuations in interest rates, and the prices of such securities may decline when interest rates rise. Interest rate risk in general is the risk that prices of fixed-income securities generally increase when interest rates decline and decrease when interest rates increase. The Portfolio may decline in value or suffer losses if short-term or long-term interest rates rise sharply or otherwise change in a manner not anticipated by the Advisor.
- **Prepayment Risk:** Prepayment risk is the risk that certain debt securities with high interest rates will be prepaid by the issuer before they mature. When interest rates fall, certain obligations will be paid off by the obligor more quickly than originally anticipated, and an investor may have to invest the proceeds in securities with lower yields. In periods of falling interest rates, the rate of prepayments tends to increase (as does price fluctuation) as borrowers are motivated to pay off debt and refinance at new lower rates. During such



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periods, reinvestment of the prepayment proceeds by the management team will generally be at lower rates of return than the return on the assets that were prepaid. Prepayment reduces the yield to maturity and the average life of the security.

**Derivatives Risk** – The Strategy’s use of futures contracts, options and swaps is subject to market risk, leverage risk, correlation risk, hedging risk and liquidity risk. Market risk is the risk that the market value of an investment may move up and down, sometimes rapidly and unpredictably. Leverage risk is the risk that the use of leverage may amplify the effects of market volatility on the Strategy’s share price and may also cause the Strategy to liquidate portfolio positions when it would not be advantageous to do so in order to satisfy its obligations. Correlation risk is the risk that changes in the value of the derivative may not correlate perfectly or at all with the underlying asset, rate or index. Hedging risk is the risk that derivative instruments used for hedging purposes may also limit any potential gain that may result from the increase in value of the hedged asset. To the extent that the Strategy engages in hedging strategies, there can be no assurance that such strategy will be effective or that there will be a hedge in place at any given time. Liquidity risk is described elsewhere in this section. The Strategy’s use of forwards and swaps is also subject to credit risk and valuation risk. Credit risk is the risk that the counterparty to a derivative contract will default or otherwise become unable to honor a financial obligation. Valuation risk is the risk that the derivative may be difficult to value. Each of these risks could cause the Strategy to lose more than the principal amount invested in a derivative instrument.

**Dividend Paying Stocks Risk** – A strategy’s emphasis on dividend-paying stocks involves the risk that such stocks may fall out of favor with investors and underperform the market. Also, a company may reduce or eliminate its dividend.

**Emerging Markets Securities Risk** – Investments in emerging markets securities are considered speculative and subject to heightened risks in addition to the general risks of investing in foreign securities. Unlike more established markets, emerging markets may have governments that are less stable, markets that are less liquid and economies that are less developed. In addition, the securities markets of emerging market countries may consist of companies with smaller market capitalizations and may suffer periods of relative illiquidity; significant price volatility; restrictions on foreign investment; and possible restrictions on repatriation of investment income and capital. Furthermore, foreign investors may be required to register the proceeds of sales, and future economic or political crises could lead to price controls, forced mergers, expropriation or confiscatory taxation, seizure, nationalization or creation of government monopolies.

**Equity Risk** – Any investment in an equity security is subject to the risk that stock prices will fall over short or extended periods of time. Historically, the equity markets have moved in cycles, and the value of the investment’s equity securities may fluctuate drastically from day to day. Individual companies may report poor results or be negatively affected by industry and/or economic trends and developments. The prices of securities issued by such companies may suffer a decline in response. These factors contribute to price volatility, which is the principal risk of investing in any equity security.

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**ETF Risk** – ETFs are pooled investment vehicles, such as registered investment companies and grantor trusts, whose shares are listed and traded on U.S. stock exchanges or otherwise traded in the over-the-counter market. To the extent that a Strategy invests in ETFs, the Strategy will be subject to substantially the same risks as those associated with the direct ownership of the securities comprising the index on which the ETF is based and the value of the Strategy’s investment will fluctuate in response to the performance of the underlying index. ETFs typically incur fees that are separate from those of the account. Accordingly, a Strategy’s investments in ETFs will result in the layering of expenses such that clients will indirectly bear a proportionate share of the ETFs’ operating expenses, in addition to paying asset management fees. Because the value of ETF shares depends on the demand in the market, shares may trade at a discount or premium to their net asset value. Westwood may not be able to liquidate the Strategy’s holdings at the most optimal time, which could adversely affect the Strategy’s performance.

**Exchange-Traded Notes (“ETNs”) Risk** – The value of an ETN may be influenced by time to maturity, level of supply and demand for the ETN, volatility and lack of liquidity in the underlying market, changes in applicable interest rates, and changes in the issuer’s credit rating. A portfolio that invests in ETNs will bear its proportionate share of any fees and expenses associated with investment in such securities, which will reduce the amount of return on investment at maturity or redemption. There may be restrictions on a portfolio’s right to redeem its investment in an ETN meant to be held to maturity. There are no periodic interest payments for ETNs and principal is not protected. It may be difficult for a portfolio to sell its ETN holdings due to limited availability of a secondary market.

**Fixed Income Risk** – Fixed income securities are subject to a number of risks, including credit and interest rate risks. Credit risk is the risk that the issuer or obligor will not make timely payments of principal and interest. Changes in an issuer’s credit rating or the market’s perception of an issuer’s creditworthiness may also affect the value of the Strategy’s investment in that issuer. The account is subject to greater levels of credit risk to the extent it holds below investment grade debt securities, or “junk bonds.” Interest rate risk is the risk that the value of a fixed income security will fall when interest rates rise. In general, the longer the maturity and the lower the credit quality of a fixed income security, the more likely its value will decline.

**Foreign Currency Risk** – As a result of the investments in securities or other investments denominated in, and/or receiving revenues in, foreign currencies, the Strategy will be subject to currency risk. Currency risk is the risk that foreign currencies will decline in value relative to the U.S. dollar, in which case, the value of an account managed in the Strategy would be adversely affected.

**Foreign Securities Risk** – Investing in foreign companies, including direct investments and through ADRs and Global Depository Receipts (“GDRs”), which are traded on U.S. exchanges and represent an ownership interest in a foreign company, poses additional risks since political and economic events unique to a country or region will affect those markets and their issuers. These risks will not necessarily affect the U.S. economy or similar issuers located in the United States. Securities of foreign companies may not be registered with the U.S. Securities and Exchange

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Commission (the “SEC”) and foreign companies are generally not subject to the regulatory controls imposed on U.S. issuers and, as a consequence, there is generally less publicly available information about foreign securities than is available about domestic securities. Income from foreign securities may be reduced by a withholding tax at the source, which tax would reduce income received from the securities comprising a client’s portfolio. Foreign securities may also be more difficult to value than securities of U.S. issuers. While ADRs provide an alternative to directly purchasing the underlying foreign securities in their respective national markets and currencies, investments in ADRs continue to be subject to many of the risks associated with investing directly in foreign securities.

**Geographic Focus Risk** – To the extent that it focuses its investments in a particular country or geographic region, the account may be more susceptible to economic, political, regulatory or other events or conditions affecting issuers and countries within that country or geographic region. As a result, the account may be subject to greater price volatility and risk of loss than a fund holding more geographically diverse investments.

**Growth Investing Risk** – Growth stocks tend to be more expensive relative to the issuing company’s earnings or assets compared with other types of stocks, reflecting investors’ expectations of future earnings and assets. As a result, they tend to be more sensitive to changes in, or investors’ expectations of, the issuing company’s earnings and can therefore be more volatile.

**High Yield Bond Risk** – High yield bonds (often called “junk bonds”) are debt securities rated below investment grade. Junk bonds are speculative, involve greater risks of default, downgrade, or price declines and are more volatile and tend to be less liquid than investment-grade securities. Companies issuing high yield bonds are less financially strong, are more likely to encounter financial difficulties, and are more vulnerable to adverse market events and negative sentiments than companies with higher credit ratings.

**Industry Specific Risk** – The MLPs and Energy Infrastructure Companies, including Midstream MLPs and Energy Infrastructure Companies, in which the portfolio invests, are subject to risks specific to the industry they serve, including, but not limited to the following:

- Fluctuations in commodity prices may impact the volume of commodities transported, processed, stored or distributed.
- Reduced volumes of natural gas or other energy commodities available for transporting, processing, storing or distributing may affect the profitability of a company or MLP.
- Slowdowns in new construction and acquisitions can limit growth potential.
- A sustained reduced demand for crude oil, natural gas and refined petroleum products that could adversely affect revenues and cash flows.
- Depletion of the natural gas reserves or other commodities if not replaced, which could impact the ability of an Energy Infrastructure Company or MLP to make distributions.

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- Changes in the regulatory environment could adversely affect the profitability of Energy Infrastructure Companies and MLPs.
- Extreme weather or other natural disasters could impact the value of Energy Infrastructure Company and MLP securities.
- Rising interest rates which could result in a higher cost of capital and divert investors into other investment opportunities.
- Threats of attack by terrorists on energy assets could impact the market for Energy Infrastructure and MLP securities.
- Global events, including particularly in Russia, Ukraine, Western Europe and the Middle East and including government stability specifically, could have significant adverse effects on the U.S. economy, and financial and commodities markets.

**Initial Public Offering (“IPO”) Risk** – The market value of shares in an IPO may fluctuate considerably or decline shortly after the IPO, due to factors such as the absence of a prior public market, unseasoned trading, the small number of shares available for trading and limited information about the issuer. In addition, there is also a risk that participation in IPOs may have an outsized effect on performance of strategies with lower assets under management that may not be replicable as the assets in such strategies increases.

**Inflation-Linked Securities Risk** – The value of inflation-linked securities is expected to change in response to changes in real interest rates (the market rate of interest less the anticipated rate of inflation). Real interest rates change over time as a result of many factors, such as currency exchange rates, central bank monetary policies and general economic conditions. In general, the price of an inflation-linked security tends to decrease when real interest rates increase and can increase when real interest rates decrease. Interest payments on inflation-linked securities are unpredictable and will fluctuate as the principal and interest are adjusted for inflation. Any increase in the principal amount of an inflation-linked debt security will be considered taxable ordinary income, even though a Fund will not receive the principal until maturity. Repayment of the original bond principal upon maturity (as adjusted for inflation) is guaranteed in the case of TIPS. For bonds that do not provide a similar guarantee, the adjusted principal value of the bond repaid at maturity may be less than the original principal. There can also be no assurance that the inflation index used will accurately measure the real rate of inflation in the prices of goods and services. A Account’s investments in inflation-linked securities may lose value in the event that the actual rate of inflation is different than the rate of the inflation index. In addition, inflation-linked securities are subject to the risk that the CPI or other relevant pricing index may be discontinued, fundamentally altered in a manner materially adverse to the interests of an investor in the securities, altered by legislation or Executive Order in a materially adverse manner to the interests of an investor in the securities or substituted with an alternative index.

**Interest Rate Risk** – Changes in interest rates are a factor that could affect the value of an investment. Rising interest rates tend to cause the prices of fixed income securities (especially

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those with longer maturities) to fall. Risks associated with rising interest rates are heightened given that interest rates in the U.S. are at, or near, historic lows. The concept of duration is useful in assessing the sensitivity of a fixed income investment to interest rate movements, which are usually the main source of risk for most fixed income investments. Duration measures price volatility by estimating the change in price of a debt security for a 1% change in its yield. For example, a duration of five years means the price of a debt security will change about 5% for every 1% change in its yield. Thus, the longer the duration, the more volatile the security. Fixed income debt securities have a stated maturity date when the issuer must repay the principal amount of the bond. Some fixed income debt securities, known as callable bonds, may repay the principal earlier than the stated maturity date. Fixed income debt securities are most likely to be called when interest rates are falling because the issuer can refinance at a lower rate.

**Investment in Money Market Mutual Funds Risk** – The portfolio invests in money market mutual funds. While government money market funds seek to transact at a \$1.00 per share stable net asset value, certain other money market funds transact at a fluctuating net asset value, and it is possible to lose money by investing in money market funds. Further, money market funds may impose a fee upon redemption or may temporarily suspend redemptions if the fund’s liquidity falls below a required minimum because of market conditions or other factors. Investments in money market funds are not insured or guaranteed by the FDIC or any other government agency.

**Investment Style Risk** – Westwood pursues a “value style” of investing. Value investing focuses on companies with stocks that appear undervalued in light of factors such as the company’s earnings, book value, revenues or cash flow. If Westwood’s assessment of market conditions, or a company’s value or its prospects for exceeding earnings expectations is inaccurate, the client could suffer losses or produce poor performance relative to other investment strategies and products. In addition, “value stocks” can continue to be undervalued by the market for long periods of time.

**Large-Capitalization Company Risk** – The large capitalization companies in which the Account may invest may lag the performance of smaller capitalization companies because large capitalization companies may experience slower rates of growth than smaller capitalization companies and may not respond as quickly to market changes and opportunities

**Leverage Risk** – If a portfolio makes investments in futures contracts, forward currency contracts and other derivative instruments, the futures contracts and certain other derivatives provide the economic effect of financial leverage by creating additional investment exposure, as well as the potential for greater loss. If a portfolio uses leverage through activities such as borrowing, entering into short sales, purchasing securities on margin or on a “when-issued” basis or purchasing derivative instruments in an effort to increase its returns, the portfolio has the risk of magnified capital losses that occur when losses affect an asset base, enlarged by borrowings or the creation of liabilities, that exceeds the net assets of the portfolio. The net asset value of a portfolio when employing leverage will be more volatile and sensitive to market movements. Leverage may involve the creation of a liability that requires a portfolio to pay interest. A portfolio may also be required to pay fees in connection with borrowings (such as loan syndication fees or commitment and administrative fees in connection with a line of credit) and it might be required to maintain



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minimum average balances with a bank lender, either of which would increase the cost of borrowing over the stated interest rate.

**Liquidity Risk** – Certain securities may be difficult or impossible to sell at the time and the price that the Strategy would like. The Strategy may have to accept a lower price to sell a security, sell other securities to raise cash instead or give up an investment opportunity, any of which could have a negative effect on Strategy management or performance.

**Market Risk** – Market risk is the risk that the markets on which the Fund’s investments trade will increase or decrease in value. Prices may fluctuate widely over short or extended periods in response to company, market or economic news. Markets also tend to move in cycles, with periods of rising and falling prices. If there is a general decline in the securities and other markets, your investment in the Fund may lose value, regardless of the individual results of the securities and other instruments in which the Fund invests.

**Market Events Risk** – Events in the U.S. and global financial markets, including actions taken by the U.S. Federal Reserve or foreign central banks to stimulate or stabilize economic growth, may at times, and for varying periods of time, result in unusually high market volatility, which could negatively impact the account’s performance and cause the account to experience illiquidity, shareholder redemptions, or other potentially adverse effects. Reduced liquidity in credit and fixed-income markets could negatively affect issuers worldwide. Banks and financial services companies could suffer losses if interest rates rise or economic conditions deteriorate.

**MLP Risk** – MLPs are limited partnerships in which the ownership units are publicly traded. MLPs often own several properties or businesses (or own interests) that are related to oil and gas industries or other natural resources, but they also may finance other projects. To the extent that an MLP’s interests are all in a particular industry or industries, such as the energy industries, the MLP will be negatively impacted by economic events adversely impacting that industry or industries. Additional risks of investing in an MLP also include those involved in investing in a partnership as opposed to a corporation, such as limited control of management, limited voting rights or tax risks. In addition, MLPs may be subject to state taxation in certain jurisdictions which will have the effect of reducing the amount of income paid by the MLP to its investors. Investment in MLPs may result in the layering of expenses, such that clients will indirectly bear a proportionate share of the MLPs’ operating expenses, in addition to paying asset management fees and expenses. Energy companies are affected by worldwide energy prices and costs related to energy production. These companies may have significant operations in areas at risk for natural disasters, social unrest and environmental damage. These companies may also be at risk for increased government regulation and intervention, energy conservation efforts, litigation and negative publicity and perception.

**Model and Data Risk:** Given the complexity of the investments and strategies of the portfolio, Westwood and/or the Sub-Advisor, as appropriate, rely heavily on quantitative models (both proprietary models developed by Westwood and/or Sub-Advisor, and those supplied by third-party vendors) and information and data supplied by third-party vendors (“Models and Data”). Models

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and Data are used to construct sets of transactions and investments and to provide risk management insights.

When Models and Data prove to be incorrect or incomplete, any decisions made in reliance thereon expose the portfolio to potential risks. The success of relying on such models may depend on the accuracy and reliability of historical data supplied by third party vendors.

All models rely on correct market data inputs. If incorrect market data is entered into even a well-founded model, the resulting information will be incorrect. However, even if market data is input correctly, “model prices” will often differ substantially from market prices, especially for securities with complex characteristics, such as derivative securities.

**Mortgage-Backed Securities Risk** – Mortgage-backed securities are affected by, among other things, interest rate changes and the possibility of prepayment of the underlying mortgage loans. Mortgage-backed securities are also subject to the risk that underlying borrowers will be unable to meet their obligations.

**Mutual Fund Risk** – Mutual funds involve risk of loss, and there is no guarantee that a mutual fund will achieve its goals. The mutual fund advisor’s (and/or subadvisor’s) judgments about the markets, the economy, or companies may not anticipate actual market movements, economic conditions, or company performance, and these judgments may affect the return on the investment. The value of an investment in a mutual fund is based on the value of the securities the fund holds. These prices change daily due to economic and other events that affect particular companies and other issuers. These price movements, sometimes called volatility, may be greater or lesser depending on the types of securities the fund owns and the markets in which they trade. The effect on a fund of a change in the value of a single security will depend on how widely the fund diversifies its holdings.

**Options Risk** – Investments in options may be subject to the risk that the adviser does not correctly predict the movement of an option’s underlying stock. Option purchases may result in the loss of part or all of the amount paid for the option plus commission costs. Option sales may result in a forced sale or purchase of a security at a price higher or lower than its current market price.

**Overseas Exchanges Risk** – A portfolio may engage in transactions on a number of overseas stock exchanges. Market practices relating to clearance and settlement of securities transactions and custody of assets can potentially pose an increased risk to a portfolio and may involve delays in obtaining accurate information on the value of securities. A portfolio may engage in transactions in the stock markets of emerging market countries. Emerging market country stock markets, in general, are less liquid, smaller, and less regulated than many of the developed country stock markets. Purchases and sales of investments may take longer than would otherwise be expected on developed stock markets and transactions may need to be conducted at unfavorable prices.

**Portfolio Turnover Risk** – Due to its investment strategy, the Strategy may buy and sell securities frequently. Such a strategy often involves higher expenses, including brokerage commissions, and

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may increase the amount of capital gains (in particular, short-term gains) realized by the Strategy. Shareholders may pay tax on such capital gains.

**Preferred Stock Risk** – Preferred stocks are sensitive to interest rate changes and are also subject to equity risk, which is the risk that stock prices will fall over short or extended periods of time. The rights of preferred stocks on the distribution of a company’s assets in the event of a liquidation are generally subordinate to the rights associated with a company’s debt securities.

**Regional Focus Risk** – To the extent that it focuses its investments in a particular geographic region, the Strategy may be more susceptible to economic, political, regulatory or other events or conditions affecting issuers and countries within that region. As a result, the Strategy may be subject to greater price volatility and risk of loss than a strategy holding more geographically diverse investments.

**REIT Risk** – REITs are pooled investment vehicles that own, and usually operate, income-producing real estate. REITs are susceptible to the risks associated with direct ownership of real estate, such as the following: declines in property values; increases in property taxes, operating expenses, interest rates or competition overbuilding; zoning changes; and losses from casualty or condemnation. REITs typically incur fees that are separate from asset management fees and expenses. Accordingly, investment in REITS will result in the layering of expenses such that investors will indirectly bear a proportionate share of the REITs’ operating expenses in addition to asset management fees and expenses. Some REITs may have limited diversification and may be subject to risks inherent in financing a limited number of properties. REITs depend generally on their ability to generate cash flow to make distributions and may be subject to defaults by borrowers and to self-liquidations. In addition, a REIT may be affected by its failure to qualify for tax-free pass-through of income under the Internal Revenue Code of 1986, as amended (the “Code”), or its failure to maintain exemption from registration under the 1940 Act.

**Restricted and Illiquid Securities Risk** - Certain securities generally trade in lower volume and may be less liquid than securities of large established companies. These less liquid securities could include securities of small- and mid-sized non-U.S. companies, high-yield securities, convertible securities, unrated debt and convertible securities, securities that originate from small offerings, and foreign securities, particularly those from companies in emerging markets. If a security is illiquid, a portfolio may not be able to sell the security at a time and/or price at which the Advisor and/or the Sub-Advisor, as appropriate, might wish to sell, which means that the portfolio could lose money. In addition, the security could have the effect of decreasing the overall level of the portfolio’s liquidity. Further, the lack of an established secondary market may make it more difficult to value illiquid securities, which could vary from the amount a portfolio could realize upon disposition.

Restricted securities are securities that are subject to legal or contractual restrictions on resale and include equity or fixed-income securities of U.S. and non-U.S. issuers that are issued through private offerings without registration with the SEC, including offerings outside the United States. Restricted securities may be illiquid. However, some restricted securities may be treated as liquid,



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although they may be less liquid than registered securities traded on established secondary markets.

**Renewable Energy Companies Risk** – Renewable energy companies may be more volatile than companies operating in more established industries. Renewable energy companies are subject to specific risks, including, among others: fluctuations in commodity prices and/or interest rates; changes in governmental or environmental regulation; reduced availability of renewable energy sources or other commodities for transporting, processing, storing or delivering; slowdowns in new construction; seasonal weather conditions, extreme weather or other natural disasters; and threats of attack by terrorists on certain renewable energy assets. Certain investments may be dependent on U.S. and foreign government policies, including tax incentives and subsidies. The above factors could also impact the ability of renewable energy companies to pay dividends comparable to those paid by other Energy Infrastructure Companies. Certain valuation methods used to value renewable energy companies have not been in widespread use for a significant period of time and may further increase the volatility of certain renewable energy company share prices.

**Royalty Trust Risk** – Westwood may invest in royalty trusts on behalf of client accounts. A royalty trust generally acquires an interest in natural resource companies and distributes the income it receives to the investors of the royalty trust. A sustained decline in demand for crude oil, natural gas and refined petroleum products could adversely affect income and royalty trust revenues and cash flows. Factors that could lead to a decrease in market demand include a recession or other adverse economic conditions, an increase in the market price of the underlying commodity, higher taxes or other regulatory actions that increase costs, or a shift in consumer demand for such products. A rising interest rate environment could adversely impact the performance of royalty trusts. Rising interest rates could limit the capital appreciation of royalty trusts because of the increased availability of alternative investments at more competitive yields. The investment in royalty trusts may result in the layering of expenses such that investors will indirectly bear a proportionate share of the royalty trusts' operating expenses, in addition to paying asset management fees and expenses. Royalty trust operating expenses are not reflected in the fee table and example in the Prospectus.

**Short Sale Risk** – The portfolio 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 portfolio 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. There can be no assurance that the securities necessary to cover a short position will be available for purchase.

**Small- and Mid-Capitalization Company Risk** – The small- and mid-capitalization companies in which Westwood may invest may be more vulnerable to adverse business or economic events than larger, more established companies. In particular, investments in these small- and mid-sized companies may pose additional risks, including liquidity risk, because these companies tend to

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have limited product lines, markets and financial resources, and may depend upon a relatively small management group. Therefore, small- and mid-cap stocks may be more volatile than those of larger companies. These securities may be traded over-the-counter or listed on an exchange.

**Small-Capitalization Company Risk** – The small-capitalization companies in which Westwood may invest may be more vulnerable to adverse business or economic events than larger, more established companies. In particular, investments in these small-sized companies may pose additional risks, including liquidity risk, because these companies tend to have limited product lines, markets and financial resources, and may depend upon a relatively small management group. Therefore, small-cap stocks may be more volatile than those of larger companies. These securities may be traded over-the-counter or listed on an exchange.

**Sub-Advisor Risk:** The portfolio is subject to management risk because it relies on the Sub-Advisor's ability to pursue the portfolio's objective. The Sub-Advisor will apply investment techniques and risk analyses in making investment decisions for the fund, but there can be no guarantee that these will produce the desired results.

**Tax Law Change Risk** – Changes in tax laws or regulations, or interpretations thereof in the future, could adversely affect the portfolio or the MLPs and Energy Infrastructure Companies in which the portfolio invests. Any such changes could negatively impact the portfolio. Legislation could also negatively impact the amount and tax characterization of distributions received by the client.

**BA/Dollar Roll Risk** – Although the securities that are delivered in TBA transactions must meet certain standards, there is a risk that the actual securities received by the Account may be less favorable than what was anticipated when entering into the transaction. Default by or bankruptcy of a counterparty to a TBA transaction would expose the Account to possible loss because of adverse market action, expenses or delays in connection with the purchase or sale of the pools of mortgage pass-through securities specified in the TBA transaction. Whether or not the Account takes delivery of the securities at the termination date of a TBA transaction, it will nonetheless be exposed to changes in the value of the underlying investments during the term of the agreement. Also, the Account's portfolio turnover rate and transaction costs are increased when the Account enters into dollar roll transactions.

**U.S. Government Securities Risk** – Investments in U.S. government obligations may include securities issued or guaranteed as to principal and interest by the U.S. government, or its agencies or instrumentalities. Payment of principal and interest on U.S. government obligations may be backed by the full faith and credit of the United States or may be backed solely by the issuing or guaranteeing agency or instrumentality itself. There can be no assurance that the U.S. government would provide financial support to its agencies or instrumentalities (including government sponsored enterprises) where it is not obligated to do so. In addition, U.S. government securities are not guaranteed against price movements due to changing interest rates.

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**Volatility Risk:** The account may have investments that appreciate or decrease significantly in value over short periods of time. This may cause the account's value to experience significant appreciations or decreases in value over short periods of time.

**Warrants Risk** – Warrants are instruments that entitle the holder to buy an equity security at a specific price for a specific period of time. Warrants may be more speculative than other types of investments. The price of a warrant may be more volatile than the price of its underlying security, and an investment in a warrant may offer greater potential for capital loss than an investment in the underlying security. A warrant ceases to have value if it is not exercised prior to its expiration date.

**Objectives and Certain Risks Related to Private Fund Investments**

For certain qualified clients, Westwood Advisors seeks to identify and participate in private fund investments, including affiliated private investments, partnerships with private investment managers and unaffiliated private investment funds. Westwood Advisors uses a combination of technical and fundamental methods to identify appropriate private investment funds. Fundamental data helps us identify investment management firms offering investments with compelling financial characteristics. Technical data helps us identify specific investments with attractive characteristics which we feel may assist our clients in reaching long-term financial goals.

For private investment funds, Westwood Advisors provides initial and ongoing due diligence, investment supervisory and management services consistent with the information received from the client. A review of each individual client's investment objectives, tax status, liquidity needs, time horizon, portfolio holdings, risk tolerance and restrictions are required before determining whether a specific private investment fund is appropriate.

Westwood Advisors provides ongoing monitoring of private investment funds on behalf of our clients. Depending on the nature and structure of the private investment fund, which is identified in each fund's offering documents, while Westwood Advisors provides ongoing monitoring, Westwood Advisors may have limited access to these investments based on the methods of valuation, lock-up, liquidity and management of each fund.

In addition to the risks discussed above, private investment funds generally involve specific risk factors, including, but not limited to, the potential for complete loss of principal, liquidity constraints, and lack of transparency, a complete discussion of which is set forth in each fund's offering documents, which will be provided to each client for review and consideration. Unlike liquid investments that a client may maintain, private investment funds do not generally provide daily liquidity or pricing. Each prospective client investor will be required to establish any necessary custodial accounts, fund all required capital calls and complete a subscription agreement, pursuant to which the client shall establish that he/she/it is qualified for investment in

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the fund and acknowledges and accepts the various risk factors that are associated with such an investment.

### **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 has several affiliated operating companies, including Westwood Management Corp., an SEC registered investment adviser; and Westwood Trust, a trust company chartered by the Texas Department of Banking, each of which is a wholly owned subsidiary of Westwood's parent company, WHG. Westwood Management is the investment adviser for the Westwood Funds family of mutual funds. Westwood has a sub-advisory agreement with Westwood Trust pursuant to which Westwood Management serves as a sub-advisor to some of the Westwood Trust Commingled Funds. Westwood's strategies are also available to managed accounts established for clients of Westwood Advisors through the Direct Advisory Program.

Salient Advisors, LP is the investment adviser to the Westwood Salient Tactical Plus Fund for which Broadmark Asset Management, LLC acts as investment sub-adviser of which Westwood Holdings Group, Inc owns approximately 79% of the equity. Salient Advisors, LP is registered as a Commodity Pool Operator with the National Futures Association ("NFA") and U.S. Commodity Futures Trading Commission ("CFTC"). Broadmark Asset Management, LLC, is registered as a Commodity Trading Advisor with the NFA and CFTC.

Westwood Advisors, LLC serves as the investment advisor to the Salient MLP Total Return Fund and the Salient MLP Total Return TE Fund and has delegated investment management responsibilities to Westwood. WHG PF Holdco, LLC, a direct and wholly-owned subsidiary of Westwood Holdings Group, Inc., is general partner of each of these funds. Clients are solicited to invest in the Salient MLP Total Return Fund and the Salient MLP Total Return TE Fund. Certain Westwood employees are licensed as Registered Representatives of Foreside Fund Services, LLC, an unaffiliated broker-dealer. Certain Westwood employees who were formerly employees of Salient are licensed as Registered Representatives of Salient Capital, LP, a registered broker-dealer and wholly owned subsidiary of Westwood Holdings Group, Inc. Employees who are licensed as Registered Representatives of either Foreside Fund Services, LLC or Salient Capital, L.P. receive sales compensation for investments in the Westwood Funds.

Salient Capital, LP is an SEC-registered broker-dealer and FINRA member. Certain Westwood employees are also registered representatives of Salient Capital, LP and engage in sales activities

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with respect to the Westwood Funds. In addition, Salient Capital, LP acts as the distributor for the affiliated private funds Salient MLP Total Return Fund and the Salient MLP Total Return TE Fund as well as other private funds.

Forward Securities, LLC is an SEC-registered broker-dealer and FINRA member. Forward Securities previously served as the distributor of certain mutual funds managed by Salient, which funds were converted to the Westwood Funds family of mutual funds. Forward Securities' activities are expected to be wound down in the first quarter of 2023.

Broadmark Asset Management, LLC is an SEC-registered investment adviser and CFTC-registered commodity trading advisor. Broadmark acts as sub-adviser to Westwood or Salient Advisors for certain of the Westwood Funds as well as to other investment advisory clients whose accounts are managed in the Tactical Growth or Tactical Plus strategies. Broadmark is based in San Francisco, California.

The Salient Zarvona Energy Fund GP, LP is an SEC-registered investment adviser and joint venture owned 50% by Westwood Holdings Group, Inc. and 50% by Zarvona Energy, LP. The Salient Zarvona Energy Fund GP, LP is the investment adviser and sponsor to certain private funds managed by Zarvona Energy and its affiliates. Neither Westwood nor any of its affiliates provide investment advice for these funds. Certain Westwood employees are members of the investment committee of the Salient Zarvona Energy Fund GP.

Clients are Solicited to Invest in Affiliated Partnerships: Affiliated persons of Westwood are members of the general partner of various private investment vehicles (as discussed above) and affiliated advisers, which themselves manage other registered investment companies and private pooled investment vehicles. Certain clients of Westwood are solicited to invest (by the affiliated persons) in such other registered investment companies or private pooled investment vehicles. In such instances, our affiliated advisers and/or affiliated persons of Westwood may receive additional compensation.

Clients should be aware that the receipt of additional compensation itself creates a conflict of interest and may affect the judgment of Westwood and these individuals when making recommendations. Further, more detailed disclosure of such conflicts of interest is contained in Part 2A of Form ADV of the relevant adviser affiliate.

**Use of Westwood Management Corp. Strategies in the Direct Advisory Program.** The Direct Advisory Program is designed to provide a means for individual and institutional clients to access the investment strategies of Westwood Management Corp. Other investment strategies are not generally offered in the Direct Advisory Program. This is a conflict of interest because Westwood Advisors representatives have an incentive to encourage clients to select a Westwood strategy rather than another investment product or strategy that might otherwise be available. Westwood Advisors addresses this conflict of interest primarily by disclosure that advisor services are limited to Westwood Management strategies.



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Certain Westwood Management Corp. employees are licensed as Registered Representatives of Foreside Fund Services, LLC, an unaffiliated broker-dealer. They do not receive sales compensation for investments in the Westwood Funds.

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

Westwood has adopted a Code of Ethics (the “Code”) pursuant to SEC Rule 204A-1 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 owe a fiduciary duty to clients to conduct their personal securities transactions in a manner that does not interfere with client portfolio transactions or otherwise take advantage of their relationship with clients, and which reflects the principle referenced above. The Code of Ethics requires employees to pre-clear all personal securities transactions (with certain exceptions described below), political contributions, and outside business activities, and to report gifts and entertainment through the Chief Compliance Officer (CCO).

The Code generally requires employees to pre-clear their personal securities transactions. However, pre-clearance is not required for: (a) participation in an ongoing automatic investment plan or an issuer’s dividend reinvestment or stock purchase plan, (b) participation in any transaction over which the employee had no influence or control (mergers, inheritances, gifts, etc.), (c) share of registered open-end investment companies other than shares of investment companies advised or sub-advised by Westwood or its affiliates.

The Code generally prohibits Westwood employees from purchasing or selling individual securities for their own account that are owned in a 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 WealthCoach Program managed by one of Westwood’s affiliates. The exception allows employees to personally transact in securities that are owned in a Westwood strategy, excluding municipal securities, if the security has a market cap greater than \$5 billion and the value of the trade is no more than \$10,000 or 100 shares, whichever is larger. Employees limited to a maximum of three such *de minimis* trades per month; *de minimis* bond trades may be consolidated within a calendar month, with approval. While allowing Westwood employees the ability to transact in individual securities that are owned in Westwood strategy has the potential to create a conflict of interest for Westwood clients, Westwood actively addresses the conflict through the use of the above referenced *de minimis* trading rule as well as enforcing a minimum holding period for employees. Employees who purchase a security under the *de minimis* exception are prohibited from selling that security for a profit within 60-days of purchasing the security. The Code provides for “black-out periods” during which employees may not purchase or sell a stock that Westwood is in the process of purchasing or selling for Westwood strategies unless such trade qualifies for the *de minimis* exception. To monitor compliance with its Code of Ethics, the firm’s CCO receives duplicate brokerage statements and transaction confirmations for

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every employee with personal brokerage accounts, and all employees must certify on a quarterly basis that they have reported all relevant securities transactions in compliance with the Code of Ethics. The firm's CCO reviews all pre-clearance requests, all initial, quarterly and annual disclosure certifications and the trading activities on behalf of all Westwood Strategies with a view to ensuring that all employees are complying with the Code. The CCO periodically reviews confirmations from brokers to assure that all transactions effected for employees are effected in compliance with the Code.

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. Employees also must report any gift or other item 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.

The Code permits the CCO to delegate duties under the Code to other members of the Legal and Compliance department.

Westwood also has 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. Throughout the year, Westwood's Legal and Compliance department is responsible for, among other things, reviewing employee accounts, personal trading, Code of Ethics exceptions, and employee and director transactions of WHG stock.

Upon request, Westwood will provide a complete copy of its Code of Ethics to any client or prospective client. Clients can submit requests by contacting their Westwood representative or the firm's CCO. It is also posted on Westwood's website.

Westwood does not invest client funds in the securities of its parent company, Westwood Holdings Group, Inc.



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## **Item 12 - Brokerage Practices**

### **Westwood WealthCoach**

Westwood WealthCoach Program accounts are held at TD Ameritrade, or other unaffiliated third-party custodians and broker-dealers.

### **Research and Other Soft Dollar Benefits**

Westwood Advisors does not use soft dollars or use commissions in the Program to obtain research or brokerage services. Generally, brokerage platforms used in the Program will make a range of services and tools available to Westwood as a sponsor participating on the platform.

### **Brokerage for Client Referrals**

Not applicable to the WealthCoach Program.

### **Trade Allocation**

Trades for accounts in the Program are aggregated and sent to TD Ameritrade, or other broker-dealers for execution.

Generally, these trades will be submitted in a single order for all accounts trading in a given day. However, additional trades for some accounts or for individual accounts may be sent as needed, such as for new accounts or to invest cash contributed to the account or to fund a withdrawal request.

### **Agency or Internal Cross Trading**

Not applicable to the WealthCoach Program.

### **Direct Advisory Program**

Westwood Direct Advisory Program accounts are held at TD Ameritrade, Charles Schwab, Fidelity, or other unaffiliated third-party custodians and broker-dealers. TD Ameritrade Institutional is a division of TD Ameritrade, Inc. ("TD Ameritrade") member FINRA/SIPC. TD Ameritrade is an independent and unaffiliated SEC-registered broker-dealer. Advisor participates in the institutional advisor program (the "Program") offered by TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade Inc., member FINRA/SIPC ("TD Ameritrade"), an unaffiliated SEC-registered broker-dealer and FINRA member. TD Ameritrade offers to independent investment advisors services which include custody of securities, trade execution, clearance and settlement of transactions. Advisor receives some benefits from TD Ameritrade through participation in the Program. (Please see the disclosure under Item 14. below.)

Charles Schwab & Co. Inc. ("Charles Schwab") member FINRA/SIPC, is an independent and unaffiliated SEC registered broker-dealer. Fidelity Brokerage Services LLC and National

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Financial Services LLC (collectively “Fidelity”) member FINRA/SIPC, is an independent and unaffiliated investment adviser, which provide service which include custody of securities, trade execution, clearance and settlement of transactions.

Accounts in the Direct Advisory Program typically have directed trading arrangements in which Westwood Advisors is directed by the Client to send all trades to the custodian. The Westwood Direct Advisory Program is based in part on referrals from other firms, generally broker-dealer/custodians offering referral platforms in which their representatives participate. This creates a conflict of interest because it creates an incentive for Westwood Advisors and its affiliates to direct trades to and to encourage clients to custody account assets at the referring broker dealer rather than seeking the most favorable execution. This practice may cost clients more as a result. In addition, participation in advisor referral platforms of custodians typically either requires a minimum aggregate account value or provides for reduced or no fees if aggregate asset levels are maintained by the investment adviser. This is a conflict of interest because it creates an incentive for Westwood Advisors to refer clients to custodians in order to maintain these aggregate asset levels. Westwood Advisors addresses the conflict primarily through disclosure.

Research and Other Soft Dollar Benefits

Westwood Advisors does not use soft dollars or use commissions in the Direct Advisory Program to obtain research or brokerage services. Generally, brokerage platforms used in the Direct Advisory Program will make a range of services and tools available to Westwood as a sponsor participating on the platform.

Trade Allocation

Accounts set up through the Direct Advisory Program are generally managed by Westwood Advisors using a model portfolio received from Westwood Management Corp. For strategies that are not subject to Westwood Management Corp.’s trade rotation policy, Westwood Advisors will generally receive the model portfolios after Westwood Management Corp. has commenced trading for discretionary institutional accounts as described in Westwood Management Corp.’s Form ADV Part 2A.

Accounts managed by Westwood Advisors in the Direct Advisory Program do not participate in trade aggregation with Westwood Management Corp. clients and thus may be at a disadvantage relative to accounts managed directly by Westwood Management Corp. in the same strategy. In addition, accounts in the Direct Advisory Program do not participate in allocations of initial public offerings (IPOs) alongside accounts managed directly by Westwood Management Corp.

**Item 13 - Review of Accounts**

**Westwood WealthCoach**

Account reviews in the WealthCoach Program are described in Item 4 above.

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**Direct Advisory Program**

Client reviews are scheduled and structured according to the client's stated guidelines or in response to specific client requests. In the absence of guidelines, client meetings are generally scheduled annually and to a lesser degree, on a semi-annual or quarterly basis. Client reviews generally involve a meeting between the client and the Westwood Advisors relationship manager to review strategy, objectives, key concerns and outlooks. The materials reviewed may include, but are not limited to, monthly and/or quarterly performance numbers, portfolio holdings, and summaries setting forth asset mix, cash flow and liquidity requirements, specific guidelines and objectives applicable to the account, and other pertinent matters.

**Item 14 - Client Referrals and Other Compensation**

**Westwood WealthCoach**

Westwood Advisors does not pay referral fees for new accounts opened in the WealthCoach Program.

Accounts may be invested in mutual funds for which Westwood Management Corp. receives investment advisory fees.

**Direct Advisory Program**

By participating in the advisor referral networks of the custodians, Westwood Advisors is seeking referrals from brokerage or advisor representatives participating in such programs.

As disclosed under Item 12 above, Westwood Advisors participates in the advisory referral networks of the following custodians ("Referral Brokers"):

TD Ameritrade Institutional, Inc.

Westwood Advisors intends to participate in the referral programs of other custodians as well. Westwood Advisors will typically recommend one of these Referral Brokers to serve as broker dealer and custodian for clients. Custodians charge separate fees for brokerage and custody which may include brokerage commissions and/or transaction fees for effecting certain securities transactions and asset-based fees.

Westwood Advisors pays fees to Referral Brokers for referring clients in the Direct Advisory Program. The referral fees are usually based on a percentage of assets under management and may be capped depending on the specific arrangement. The fee is paid by Westwood Advisors and not by clients. Clients for whose accounts Westwood Advisors pays referral fees do not pay a higher fee than clients not referred. The arrangement with these Referral Brokers will comply with the requirements of Rule 206(4)-3 under the Investment Advisers Act.

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Westwood Advisors receives economic benefits from participation in the referral programs and as a result of otherwise using the platforms of the Referral Brokers, including access to the Referral Broker's trading capabilities such as trade aggregation; availability of no transaction fee mutual funds; confirmations, statements and other reports; advisory fee deduction services; consulting services; access to conferences and business development opportunities; and materials or services related to compliance, marketing, research, electronic communication and other technology, and practice management. These services are usually available to Westwood Advisors at no cost or at a discount. These benefits may benefit Westwood Advisors but not benefit clients and may assist Westwood Advisors in the management of accounts other than those maintained at the Referral Broker and in the development of its business generally. There is no direct link between Westwood Advisors' advisory services and the receipt of these benefits. However, the receipt of these benefits creates a conflict of interest because Westwood Advisors has an incentive to refer clients to these firms. These benefits do not depend on the amount of assets held by the Referral Brokers or on the volume or number of transactions sent to the Referral Brokers. Westwood Advisors' participation in these referral platforms can generally be terminated by the Referral Broker and thus Westwood Advisors has an incentive to ensure that sufficient business is directed to the Referral Broker so that Westwood Advisors may continue to participate in its referral program.

In some of the referral relationships, Westwood Advisors may be contractually restricted in its ability to solicit clients to another custodial or brokerage platform subject to Westwood Advisors' fiduciary duty.

Clients are required to acknowledge these referral arrangements in writing before accepting an advisory account. The acknowledgement and disclosure documentation used will provide more details of the specific referral arrangement and the fees paid by Westwood Advisors to the Referral Broker.

*Additional Information about the TD Ameritrade AdvisorDirect Program*

Westwood Advisors may receive client referrals from TD Ameritrade through its participation in TD Ameritrade AdvisorDirect. In addition to meeting the minimum eligibility criteria for participation in AdvisorDirect, Westwood Advisors may have been selected to participate in AdvisorDirect based on the amount and profitability to TD Ameritrade of the assets in, and trades placed for, client accounts maintained with TD Ameritrade. TD Ameritrade is a discount broker-dealer independent of and unaffiliated with Westwood Advisors and there is no employee or agency relationship between them. TD Ameritrade has established AdvisorDirect as a means of referring its brokerage customers and other investors seeking fee-based personal investment management services or financial planning services to independent investment advisors. TD Ameritrade does not supervise Westwood Advisors and has no responsibility for Westwood Advisors' management of client portfolios or Westwood Advisors' other advice or services. Westwood Advisors pays TD Ameritrade an on-going fee for each successful client referral. For

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referrals that occurred through AdvisorDirect before April 10, 2017, this fee is a percentage (not to exceed 25%) of the advisory fee that the client pays to Westwood Advisors (“Solicitation Fee”). For referrals that occurred through AdvisorDirect on or after June 9, 2017 the Solicitation Fee is an annualized fee based on the amount of referred client assets that does not exceed 25% of 1%, unless such client assets are subject to a Special Services Addendum. In the case of a Special Services Addendum, the Solicitation Fee is an annualized fee based on the amount of referred client assets that does not exceed 10% of 1%. Westwood Advisors will also pay TD Ameritrade the Solicitation Fee on any assets received by Westwood Advisors from any of a referred client’s family members, including a spouse, child or any other immediate family member who resides with the referred client and hired Westwood Advisors on the recommendation of such referred client. Westwood Advisors will not charge clients referred through AdvisorDirect any fees or costs higher than its standard fee schedule offered to its clients or otherwise pass Solicitation Fees paid to TD Ameritrade to its clients. For information regarding additional or other fees paid directly or indirectly to TD Ameritrade, please refer to the TD Ameritrade AdvisorDirect Disclosure and Acknowledgement Form.

Potential Payments by the Westwood Funds

The Westwood Funds may compensate financial intermediaries for providing a variety of services to shareholders, which may include record-keeping, transaction processing for shareholders’ accounts and other shareholder services. Financial intermediaries include affiliated or unaffiliated brokers, dealers, banks (including bank trust departments), trust companies, registered investment advisers, financial planners, retirement plan administrators, insurance companies, and any other institution having a service, administration, or any other similar arrangement with the Funds, their service providers or their respective affiliates. The Funds generally pay financial intermediaries a fee that is based on the assets of each Fund that are attributable to investments by customers of the financial intermediary.

Potential Payments by Westwood

From time to time, Westwood Advisors and/or its affiliates, in their discretion, may make payments to certain affiliated or unaffiliated financial intermediaries to compensate them for the costs associated with distribution, marketing, administration and shareholder servicing support for the Funds, to the extent permitted by the SEC and FINRA rules and other applicable laws and regulations. These payments are sometimes characterized as “revenue sharing” payments and are made out of Westwood’s resources, and are not paid by the Funds. Any such payments will not change the NAV or price of the Funds’ shares.

**Private Investment Funds**

Westwood has placement arrangements in place with respect to the Salient MLP Total Return Fund, LP and the Salient Total Return TE Fund, LP.

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## **Item 15 - Custody**

Other than with respect to the debiting of fees, Westwood Advisors does not have custody of client funds or assets with respect to the Direct Advisory Program or the Westwood WealthCoach program.

### **Westwood WealthCoach**

Accounts in the WealthCoach Program are individual accounts established by clients at an approved custodian. Westwood Advisors utilizes TD Ameritrade as its approved custodian, but may add other custodians. Westwood Advisors debits its advisory fees accounts in the Program. Westwood Advisors does not otherwise have custody of assets in client accounts in the Program.

Clients with accounts in the Program receive separate statements from the custodian. Clients should compare the account statements they receive from the custodian with those they receive from Westwood Advisors.

### **Direct Advisory Program**

Accounts in the Direct Advisory Program will be held at the referring custodial broker-dealer firm. Westwood Advisors debits its advisory fees from these accounts. Westwood Advisors does not otherwise have custody of assets in client accounts in the Program.

Clients with accounts in the Program receive separate statements from the custodian. Clients should compare the account statements they receive from the custodian with those they receive from Westwood Advisors.

### **Private Investment Funds**

As the manager of private funds, Westwood Advisors is deemed to have custody of the private fund assets. Westwood Advisors' private funds are described in Westwood Advisors' Private Funds Advisory Services Brochure.

## **Item 16 - Investment Discretion**

### **Westwood WealthCoach**

Westwood Advisors has discretion in the management of accounts in the WealthCoach Program. Westwood Advisors exercises this discretion by reviewing and rebalancing accounts in accordance with each account's allocation model, by maintaining and updating the allocation models and funds available in them and implementing changes as needed in accounts in the Program.

Westwood Advisors accepts clients in the Program upon completion by the client of the account opening authorization through the WealthCoach Portal.



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**Direct Advisory Program**

Westwood Advisors has discretion in the management of accounts in the Direct Advisory Program.

**Item 17 - Voting Client Securities and Other Legal Notices**

Westwood Advisors generally has 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 interest 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 may request a complete copy of Westwood Advisors Proxy Voting policies and procedures by contacting their representative or the firm's CCO.

In the Direct Advisory Program, for accounts managed by Westwood Management Corp. proxy voting is typically delegated to Westwood Management Corp.

The Investment Advisory Agreement only authorizes us to take action on your behalf with regard to proxy voting. The Investment Advisory Agreement does not authorize us to take action on your behalf in any legal proceedings or other corporate actions, including class actions or bankruptcies, involving securities held in your Account.

**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.



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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.