Westwood Global Dividend Fund (WWGDX)

4Q16 Commentary

Investment Objective

The investment objective of the Westwood Global Dividend Fund is to seek long-term capital appreciation and dividend income.

Strategy Description

The Westwood Global Dividend Fund primarily invests in the common stocks of well established companies around the world with an emphasis on the sustainability and growth of dividends. The strategy uses a bottom-up stock selection process that also places an emphasis on the ability to pay and grow dividends. The strategy has diversified exposure to the best global investment opportunities with risk controls, sector and individual security level.

Key Highlights

- Global equity markets (as measured by the MSCI ACWI USD) rose almost 5% in the quarter, led by Emerging Markets with a YTD gain of almost 14%
- Within the portfolio, Health Care and Telecommunication Services were the main detractors, while Utilities and Industrials contributed. At the country level, positioning in the U.S., Japan, South Africa and Turkey detracted, while South Korea, Netherlands and France were positive
- The growing divergence in growth prospects and economic performance of global equities should present new opportunities for investors through prudent allocation and stock selection

Market Overview

Global equity markets (as measured by the MSCI ACWI USD) were flat for the fourth quarter, closing the year with a return of roughly 6%. Emerging Markets fell against the developed world as the U.S. dollar jumped to its highest level since 2003, spurred by possible interest rate hikes from the Federal Reserve, as bond yields rose sharply from growth optimism, in expectation of greater fiscal spending and reduced regulatory headwinds under the Trump presidency. Copper, West Texas Intermediate (WTI) crude oil and European financials led returns, while gold, silver and interest-rate sensitive corporate and sovereign bonds underperformed. From a sector perspective, Financials, Energy and Materials outperformed, while defensives such as Consumer Staples, Health Care and Utilities lagged.

North America outperformed as both the U.S. and Canada rose. The surprise election outcome was viewed positively by investors as a potential new period of anti-regulation and pro-growth stimulus policy, particularly in the banking, health care and energy sectors, that would reignite domestic growth and fuel inflation. The TSX in Canada was one of the best-performing markets in the developed world amid hopes that energy exports will accelerate.

Europe was mixed, as Italy rose sharply following the rejection of the Senate reform referendum and better than expected manufacturing PMI at 53.2, while in Austria, the populist movement failed to capture the general election. The rest of the region was weak amid questions regarding the future of the European Union (EU), as Belgium, Denmark and Finland led losses. The UK declined about 2% as discussions continue in the post-Brexit era.

Asia ex-Japan underperformed with a loss of almost 7% for the quarter as New Zealand, Hong Kong/China and particularly the Association fo Southeast Nations (ASEAN) region declined against U.S. dollar resurgence and uncertainty regarding current trade agreements and future growth prospects. China saw a tightening of liquidity available on concerns that a depreciating yuan would trigger outflows, while Korean equities suffered from the depreciation in the won as the country continues to experience political turmoil following the impeachment of President Park.

Emerging Markets (EM) declined in the fourth quarter but retained a healthy return of 9% for the year. The rotation out of EM assets was compounded by currency declines in most markets, particularly in the Turkish lira, Mexican peso and the Egyptian pound. Asia equities fell almost 6% in aggregate as Philippines and Malaysia underperformed. Indian equities were neutral as the RBI kept interest rates unchanged, providing some time to gauge the impact of the demonetization drive of the government. The Europe, Middle East and Asia (EMEA) region benefited from a recovery in Russia as oil prices rose, offsetting renewed losses in Turkey and stagnation in South Africa. Returns in Latin America were muted as rising commodity prices helped to offset the impact of rising treasury yields. Weakness in the Mexican peso from growth uncertainty remained a headwind for investors, as the currency posted its worst total return in five years.

Macroeconomic data in retail sales and industrial production showed a continued contraction in economic activity in Brazil, but the approval by the senate of a 20-year government expenditure-cap bill to control the widening budget deficit provided optimism for further policy reform and potential economic recovery.

By the Numbers

Within the portfolio, positive allocation effect was offset by detraction in security selection. Consumer Discretionary and Real Estate were the leading sector detractors, while Information Technology and Health Care contributed. At the country level, positioning in Japan, Hong Kong, UK and Philippines detracted, while the U.S., China and Argentina were positive.

Consumer Discretionary detracted primarily from security selection, in particular, Hanon Systems and Samsonite International. Despite the short-term selloff in price primarily due to a correction in the broader Korean equity market, Hanon remains a long-term holding and the investment thesis includes industry leading climate-control technology, ongoing restructuring and market dominance that should continue to drive pricing power, new business opportunities (particularly from regulation and the proliferation of electric vehicles) and long-term growth prospects. Samsonite International, the leading global luggage brand which has been under some pressure from a slowdown in tourism particularly in Asia, also detracted, but the company is focused on cost efficiency and operating leverage as it continues to rationalize its product lines, including the newly-acquired Tumi business luggage brand.

Real Estate detracted from negative overweight allocation and security

By the Numbers *(continued)*

selection, particularly in the Philippines. We continue to hold Ayala Land, which suffered the backlash of U.S. policy uncertainty under the incoming Trump administration, as potential trade barriers could adversely impact many of its U.S.-affiliated BPO (business process outsourcing) commercial tenants in many of its properties. The company has reported an 18% year-over-year increase in recurring net income so far this year, driven by sustained profitability gains from higher recurring income and efficient cost management, and continues to maintain a competitive advantage in scale of operations, diversified product offering (geographic and income categories across residential, retail and office segments) and established track record.

Positive security selection drove contribution in Information Technology. ASM Pacific was the leading contributor as the company reported solid Q3 results, with positive revenue growth in all major segments. Other contributors included electronics manufacturer VTech Holdings, which has provided a high-dividend yield, and Microsoft, which has benefited from the structural growth of cloud computing and related services. Detractors included Lenovo Group, amid concerns of a structural slowdown in the global PC industry and in Chinese corporate spending on IT hardware, and European software and online service providers SAP and Sabre Corp (the latter being a new holding in the portfolio).

Underweight allocation combined with security selection was positive in Health Care. Bristol-Myers Squibb (BMY) was the main contributor as the company reaffirmed guidance on business development activities in its immune-oncology franchise, and noted that several of its ongoing late-stage trials have been amended to minimize trial and regulatory risk. Shares of BMY have recovered slightly from disappointing Q3 results announced in October, in part due to a USD$ 3 billion share buyback. Roche detracted uncertainty regarding upcoming drug trial approvals following BMY's surprise failure with Opdivo, and the company's own adverse result from its Aphinity trial. Recent quarterly results, however, showed sales growth across all segments in pharma, group sales, and in particular, diagnostics up 12%.

4Q16 Largest Contributors / Detractors

Five Largest Contributors	Five Largest Detractors
JPMorgan Chase & Co. - U.S.	Ayala Land Inc. - Philippines
ASM Pacific Technology Ltd. – U.S.	Hanon Systems - Korea
MetLife Inc. – U.S.	Japan Tobacco Inc. - Japan
Capital One Financial Corp. – U.S.	Anheuser- Busch InBev SA - Belgium
Tenaris SA - Argentina	AIA Group Ltd. – Hong Kong

Westwood Global Dividend Fund Performance as of 12/31/16

			Annualized	
	4th Quarter	**1 Year**	**3 Years**	**Since Inception***
Westwood Global Dividend Fund	-0.13%	8.54%	1.17%	4.67%
MSCI All Country World Index (ACWI)	*1.30%*	*8.48%*	*3.69%*	*8.36%*

**Inception date is 12/26/12. The performance data quoted represents past performance. Past performance is not indicative of future results. The investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost and current performance may be lower or higher than the performance quoted. Total expense ratio for the Fund is 2.86% (gross) and 1.00% (net). The Adviser has contractually agreed to waive fees and reimburse expenses until February 28, 2017. In the absence of current fee waivers, total return and yield would be reduced. For performance data current to the most recent month end, please call 1-877-FUND-WHG or visit our website at westwoodfunds.com.*

The MSCI ACWI Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets. The MSCI ACWI consists of 46 country indices comprising 23 developed and 23 emerging market country indices. The developed market country indices included are: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, the United Kingdom and the United States. The emerging market country indices included are: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Greece, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Peru, Philippines, Poland, Qatar, Russia, South Africa, Taiwan, Thailand, Turkey and United Arab Emirates. The Benchmark Index returns are for illustrative purposes only and do not represent actual fund performance. Index performance does not reflect any management fees, transaction costs or expenses. The Benchmark Index is unmanaged and investors cannot invest directly in the an index.

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Top 10 Holdings as of 9/30/16*	
Chubb Ltd.	Bristol-Myers Squibb Co.
JPMorgan Chase & Co.	MetLife Inc.
Honeywell International Inc.	Kraft Heinz Co.
Raytheon Co.	Capital One Financial Corp.
Microsoft Corp.	Stanley Black & Decker Inc.

**Top 10 holdings represent 26.66% of the total portfolio. Holdings are subject to change. Current and future holdings are subject to risk.*

Mutual fund investing involves risk, including possible loss of principal. In addition to the normal risks associated with investing, international investments may involve risk of capital loss from unfavorable fluctuation in currency values, from differences in generally accepted accounting principles or from social, economic or political instability in other nations. Emerging markets involve heightened risks related to the same factors as well as increased volatility and lower trading volume. The Fund uses derivatives. The primary risk of derivative instruments is that changes in the market value of securities held by the Fund and of the derivative instruments relating to those securities may not be proportionate. Derivatives are also subject to illiquidity and counterparty risk. In addition, REIT investments are subject to the changes in economic conditions, credit risk and interest rate fluctuations. Investments in smaller companies typically exhibit higher volatility. There can be no assurance that the Fund will achieve its stated objective, which can be found in the prospectus, or that of the strategy. A company may reduce or eliminate its dividend, causing losses to the fund.

To determine if this Fund is an appropriate investment for you, carefully consider the Fund's investment objectives, risk factors, charges and expenses before investing. This and other information can be found in the Fund's summary or full prospectus, which may be obtained by calling 1.877.FUND.WHG (877-386-3944), or by visiting our website at westwoodfunds.com. Read the prospectus carefully before investing or sending money.

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