

Investment Objective

The investment objective of the Westwood Strategic Global Convertibles Fund is to seek to provide total return through a combination of capital appreciation and current income.

Strategy Description

The Westwood Strategic Global Convertibles Fund primarily invests in global convertible securities with attractive valuations to provide equity-like returns with lower volatility through a disciplined investment process. We believe the convertible markets are inefficient and opportunities exist to benefit from pricing anomalies. Utilizing both quantitative and fundamental analysis to identify securities that meet our criteria, the strategy's asymmetric reward/risk profile of balanced convertible bonds has the potential to provide superior risk-adjusted returns over medium to long-term time horizons.

Key Highlights

- Regional positioning somewhat benefited performance, as the fund remained overweight the U.S., the strongest performing region, and underweight both Europe and Asia, which lagged
- Delta positioning compared to the index was overweight in the U.S. and Europe, while delta in the Asia region was underweight versus the benchmark
- Strong selection in consumer staples, health care, financials, industrials and materials aided performance in the quarter
- Securities selection was beneficial in both Europe and Asia despite the underweight positioning
- The fund was underweight several high-delta benchmark names, which caused a slight drag on relative performance

Market Overview

The final quarter of 2016 certainly provided a dramatic conclusion to the year, as early weakness in the markets was replaced by a post-election rally in the U.S. While investors rightfully remain concerned with the specter of U.S. rate hikes and the recent steepening of the yield curve, the markets have thus far taken it in stride, bidding up financial sector assets and potential inflationary asset classes, including energy. The possibility of a friendlier regulatory regime from the incoming Republican-dominated government gave a lift to the materials, energy, telecom and industrial sectors. While investment grade and rate-sensitive asset classes suffered somewhat in the quarter, the fallout was relatively mild, as high yield held in due to its still-attractive yield characteristics, and credit spreads tightened throughout Investment Grade and High Yield

corporates. While convertible bonds performed ably against this backdrop, we continue to see opportunity in the asset class, both in the U.S. and in short-duration European yield convertibles. The asset class continues to create reasonable supply, with \$77.2 billion of total issuance in 2016, just below the \$81 billion seen in the prior year. New issuance drivers including mergers and acquisitions, rising rates and healthy equity valuations indicate that supply should continue at a healthy pace into the new year.

By the Numbers

Trading activity was centered on rotation both between sectors and within sectors, as we continued to focus on maintaining a diversified portfolio of balanced convertibles offering positive convexity as well as exposure to companies with improving fundamentals. Materials, energy, industrials and financial weightings all increased during the quarter, while the fund pared back on exposure to real estate, consumer staples and consumer discretionary. Relative to the index, we are most significantly underweight utilities and consumer discretionary, while overweight health care, information technology and energy converts.

We continue to differ significantly from the benchmark both in terms of regional allocation and delta weightings. In the U.S., an array of attractive opportunities allowed the fund to be overweight the region, and also overweight delta versus the index. In Europe, we somewhat offset our regional underweight with a higher delta position than the index, as the most appealing opportunities in that region from both a technical and fundamental standpoint resided in that segment of the region. A lack of attractive opportunities in Asia caused the fund to be underweight both weighting and delta in the region, however, we continue to be constructive on the region and look to establish positions as opportunities present themselves.

The resulting portfolio remains at a slight delta overweight to the index at quarter end, as we remain constructive on the underlying valuations of issuers in the convertibles universe, as well as the health of global equity markets as a whole.

Strategy and Positioning

As 2017 begins, we remain constructive on both the markets as well as the opportunities available within the global convertibles asset class. Equity market movements have allowed for the fund to continually reposition into balanced convertibles which offer appealing asymmetrical return characteristics. As such, we anticipate that the current portfolio should offer significant upside participation to market moves while attempting to limit downside risk in the event of a correction.

Summary and Positioning *(continued)*

The fund continues to pursue investment opportunities which will allow us to maintain or increase the regional and sector diversity of the fund, while maintaining exposure to top-quality fundamental opportunities in the underlying companies. We anticipate that the recent spate of new issuance that was seen at year end and early in 2017 should allow for such a strategy, and should also potentially create more compelling valuations in existing convertibles as managers reallocate capital into new issuance.

The fund continues to hew to a bottom-up selection approach with convertibles, and as a result find many compelling investments outside of the index. We find that this universe of under-followed and under-analyzed securities often provide fertile ground for finding investments with excellent risk/return asymmetry, the precise reason why investors should invest in a portfolio of balanced convertible bonds.

Westwood Strategic Global Convertibles Fund as of 12/31/16

	4 th Quarter	1 Year	Annualized Since Inception*
Westwood Strategic Global Convertibles Fund	-1.77%	0.04%	-1.85%
<i>Thomson Reuters Global Focus Convertible Bond Index</i>	-2.81%	0.23%	-2.25%

**Inception date is 5/1/15. 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. Institutional Share Class net expense ratio: 0.85%, gross expense ratio: 3.02%. The Adviser has contractually agreed to waive fees and reimburse expenses until February 28, 2017. The expense ratio does not reflect the ability of the Adviser to recover all or a portion of prior waivers, which would result in higher expenses for the investor. This option is available contractually to the Adviser until three years after the year in which the Adviser incurred the expense if the recoupment does not exceed the existing expense limitation. For performance data current to the most recent month end, please call 1-877-FUND-WHG or visit our website at westwoodfunds.com. Performance data source: SEI Investments Co.*

Thomson Reuters Global Focus Convertible Bond Index which represents the global convertible asset class, targeting larger convertibles. It is balanced across regions and is limited in number of constituents to ensure breadth and manageability. Net total return indexes reinvest dividends after the deduction of withholding taxes, using (for international indexes) a tax rate applicable to non-resident institutional investors who do not benefit from double taxation treaties.

Delta is the ratio comparing the change in the price of the underlying asset to the corresponding change in the price of a derivative. Sometimes referred to as the "hedge ratio".

Mutual fund investing involves risk, including possible loss of principal. Bonds and bond funds will decrease in value as interest rates rise. The value of a convertible security in which the Fund invests is influenced by changes in interest rates, the credit standing of the issuer and the price of the underlying common stock. International investments may involve risk of capital loss from unfavorable fluctuation in currency values, from differences in generally accepted accounting principles or from 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 may invest in derivatives, which are often more volatile than other investments and may magnify the Fund's gains or losses. Diversification does not ensure a profit or guarantee against a loss. There can be no assurance that the Portfolio will achieve its stated objectives.

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.

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

The Westwood Funds are distributed by SEI Investments Distribution Co., which is not affiliated with the Westwood Management Corp.