WESTWOOD FUNDS®

Westwood LargeCap Value Fund (WWLAX)

A-Share Class 4Q16 Commentary

Investment Objective

The investment objective of the Westwood LargeCap Value Fund is to seek long-term capital appreciation.

Strategy Description

The Westwood LargeCap Value Fund pursues long-term capital growth by investing in large companies that trade on the U.S. stock exchanges.

Key Highlights

- Positive stock selection drove relative performance in Health Care
- Technology aided relative performance from positive stock selection
- Consumer Staples detracted from relative performance for the quarter driven by an overweight and modest negative stock selection
- Financial Services and Producer Durables were the best-performing sectors in the Russell 1000 Value Index while Health Care and Real Estate Investment Trusts (REITs) were the worst-performing sectors

Market Overview

Looking back, 2016 and more specifically, the fourth quarter, will be remembered for the beginning of the regime change in the markets and the optimism that unfolded post-election within equities. The confidence altered many investor paradigms which had previously centered on concerns over the economy and replaced them with the hope for a better growth environment going forward. As a result of the shift, investors moved further out on the risk spectrum pushing small-cap stocks up more than large-caps, although both posted strong absolute gains for the quarter. As expected, the Federal Reserve (Fed) hiked rates in December on the back of a brighter outlook for growth and rising prospects for inflation. The U.S. Dollar appreciated during the period as well as crude oil prices, which rallied strongly on the back of an agreement by the Organization of the Petroleum Exporting Countries (OPEC) to reduce supply. Consumer confidence hit the highest level for the year in December as did the Institute of Supply Management (ISM) Manufacturing Purchasing Managers Index (PMI) as sentiment surged into year-end with employment continuing to remain strong.

By the Numbers

Financial Services broadly were bid higher during the quarter as rising interest rates were seen by investors as drivers for better net interest margins to come in conjunction with potential corporate tax reform to further complement fundamentals. A more favorable regulatory environment for large banks was seen as an incremental positive for several quality franchises we own that were notable contributors to performance including Bank of America, JPMorgan Chase and Wells Fargo. Boeing moved up on the back of continued execution and an increasingly rich mix of deliveries from their substantial backlog driving cash flow higher. With strong visibility given the order book, Boeing management laid out a strong plan on their recent conference call for the strong cash generation to persist even if they were to manage their delivery schedules.

Booz Allen Hamilton rose on another strong bookings quarter and revenue growth above expectations. Management delivered strong execution on the margin front and their pace of revenue trends accelerated modestly.

Weakness in several names in the Health Care sector weighed on relative performance during the quarter. Abbott Laboratories saw a solid quarter overshadowed by concerns regarding their two pending acquisitions and potential currency headwinds offsetting proposed accretion. While Abbott filed to end their pursuit of Alere, the St. Jude acquisition remains on track to close in early 2017. CVS Health gave disappointing guidance on their quarter which caused shares to decline due to two contract losses in the retail pharmacy business. Becton Dickinson posted slightly better results but fell on weaker volume growth from international markets, particularly Africa and the Middle East. Simon Property declined after earnings came in better but concerns arose over weaker percentage rents and re-leasing spreads' impact on core growth. Colgate-Palmolive moved lower on investor concerns that foreign exchange rates would continue to pressure reported results despite management's ongoing efforts to offset those headwinds with pricing and cost reductions.

Summary and Positioning

Look forward, 2017 could see several important regime changes unfolding including: fiscal policy replacing monetary policy as the stimulant to the economy, regulatory burdens decreasing rather than increasing, pricing power expanding as disinflationary forces recede and interest rates moving higher from historic lows. The backdrop could provide for improving top-line growth for corporations who should see profits accelerate in tandem. Generational tax reform could also add an incremental tailwind, though, not without some potential offsets. High-quality business models should benefit as higher costs of capital helps differentiate their advantaged position versus lesser peers. We continue to focus on identifying high-quality businesses with what we believe are undervalued growth prospects and the potential to reduce downside risk in order to protect client capital should volatility increase.

One such opportunity we view are money center banks. Household names we own such as JPMorgan Chase, Wells Fargo and Bank of America appear poised to benefit from rising interest rates. Falling rates over the past few years have pressured banks' net interest margin (NIM), which is the spread between what they earn in interest from making loans and the cost they pay to depositors. Higher NIM should aid returns and drive better earnings at banks going forward. Corporate tax reform could also serve as a tailwind for many of these banks given their largely domestic focus and high effective tax rates. Harder to quantify, but an important factor for the group, will be to what extent the incoming administration will be able to lower the regulatory burden for the banking system. With a clear pro-business set of appointees so far, the Trump administration likely provides a more favorable backdrop relative to the post-financial crisis era.

The team made changes to the portfolio to improve expected risk-adjusted return and our asymmetric potential by shifting exposures within telecommunications and consumer. The team added a high-quality bank franchise and exited a defense position.

4Q16 Largest Contributors and Detractors

Five Largest Contributors	Five Largest Detractors
Bank of America Corp.	Simon Property Group Inc.
JPMorgan Chase & Co.	Abbott Laboratories
Wells Fargo & Co.	Colgate-Palmolive Co.
Boeing Co.	CVS Health Corp.
Booz Allen Hamilton Holding Corp. Class A	V.F. Corp.

WESTWOOD FUNDS®

Westwood LargeCap Value Fund (WWLAX)

A-Share Class 4Q16 Commentary

Westwood LargeCap Value Fund A-Share Performance as of 12/31/16

			Annualized		
	4th Quarter	1 Year	3 Year	5 Year	Since Inception*
Westwood LargeCap Value Fund A-Share	4.56%	10.61%	7.09%	13.00%	5.19%
With 5.00% Sales Charge	-0.70%	5.11%	5.27%	11.84%	4.59%
Russell 1000 Value Index	6.68%	17.34%	8.59%	14.80%	6.39%

**Inception date is 12/31/07. 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 1.09%. Westwood Management Corp. (the Adviser) has contractually agreed to reduce fees and reimburse expenses in order to keep Total Annual Fund Operating Expenses (excluded expenses) from exceeding 1.00% of the Funds average daily net assets until February 28, 2017. Absent these waivers, total return would be reduced. For performance data current to the most recent month end, please call 1-877-FUND-WHG or visit our website at www.westwoodfunds.com.*

The Russell 1000 Value Index measures the performance of those Russell 1000 Index companies with lower price-to-book ratios and lower forecasted growth values. The Benchmark Index's 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 into an index.

Large cap (sometimes "big cap") refers to a company with a market capitalization value of more than $5 billion. Large cap is a shortened version of the term "large market capitalization". Market capitalization is calculated by multiplying the number of a company's shares outstanding by its stock price per share.

Small cap is a term used to classify companies with a relatively small market capitalization. A company's market capitalization is the market value of its outstanding shares. The definition of small cap can vary among brokerages, but it is generally a company with a market capitalization of between $300 million and $2 billion.

Top 10 Holdings as of 12/31/16*

Wells Fargo & Co.	Johnson & Johnson
JPMorgan Chase & Co.	Exxon Mobil Corp.
Bank of America Corp.	Abbott Laboratories
AT&T Inc.	American International Group Inc.
Home Depot Inc.	Microsoft Corp.

**Top 10 Holdings represent 29.20% of the total portfolio and represent the ten largest portfolio positions by market value in the Fund as of the period end date. Each quarter, the Westwood Funds use this same objective, non-performance based criteria to select the ten largest holdings. 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, REIT investments are subject to changes in economic conditions, credit risk and interest rate fluctuations. There is no guarantee that the Fund will achieve its stated objective, which can be found in the prospectus, or that of the strategy.

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 www.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.