

Investment Objective

The investment objective of the Westwood Short Duration High Yield Fund is to generate a high level of current income while experiencing lower volatility than the broader high yield market.

Strategy Description

In seeking to achieve the Fund's primary objective of providing a high level of current income, the Sub-Adviser generally, but not exclusively, invests in a portfolio of below-investment grade bonds of U.S. companies that we expect to be redeemed through maturity, call or other corporate action within three years or less. While there is no maximum duration on individual securities, the average duration to worst of the holdings within the Fund is expected to be under three years. Based on historical experience through multiple market cycles, the Sub-Adviser believes that such a portfolio in combination with the Sub-Adviser's proprietary securities-selection criteria helps to reduce volatility and improve capital preservation characteristics relative to traditional high yield portfolios. In the Sub-Adviser's experience, traditional high yield portfolios generally possess durations to worst longer than three years. Portfolios with longer durations to worst are usually more sensitive to interest rate volatility. For these reasons, the Sub-Adviser believes the Fund will experience desirable qualities of reduced volatility and enhanced capital preservation over multiple market cycles. In selecting securities for the Fund's portfolio, the Sub-Adviser seeks issuers that exhibit attractive characteristics including, but not limited to: stable businesses with predictable cash flows; positive year-over-year cash flow comparisons supported by stable industry conditions; generation of cash in excess of corporate and financial obligations; and management intentions favorable to bond holders.

Market Commentary

Returns on the short duration segment of the high yield market approximated current income in 2016's fourth quarter. A duration shorter than the broader high yield market (as measured by the BofA Merrill Lynch U.S. High Yield Index) helped to reduce volatility in the quarter, but also limited our ability to capture its full upward price move. The Fund nevertheless posted a return which was in-line with the historical capture rate of the short duration high yield strategy.

Performance Drivers

The Westwood Short Duration High Yield Fund ended the first quarter of 2017 with 378 bond positions, representing 279 issuers, and in line with last quarter's figures. We believe diversification of holdings is integral for this strategy and helps to reduce risk. The largest position was Icahn Enterprises 4.875% notes due 2019, and represented a 0.65% position in the Fund.

The Fund had a yield-to-worst of 4.68%, or 81% of the broad high yield market rate (as measured by the BofA Merrill Lynch U.S. High Yield Index), with 46% of the market duration-to-worst. This is a 5 basis point increase in the yield during the quarter, and compares to nearly 40 basis point drop in the yield for the broad high yield market. The average coupon was 6.84%, 35 basis points above the average coupon in the broad market. Approximately 30.4% of the holdings had maturities of less than three years with the other 69.6% having longer maturities but trading to expected early take-outs inside this three-year period. This is a shift in favor of the latter group.

All sectors posted positive returns for the quarter, led by Basic Industry, Healthcare, and Energy which together contributed approximately half of the quarterly return. The top contributor to quarterly returns was Community Health Systems 8% notes due 2019, which traded up on better-than-expected Q4 earnings and positive 2017 guidance. The bottom contributor to quarterly returns was Rite-Aid Corp. 6.75% notes due 2021, which traded down on growing uncertainty surrounding regulatory approval for acquisition of the company by Walgreens.

At quarter-end, Double-B rated holdings represented 36.0% of the portfolio, Single-Bs were 49.6% and Triple-Cs were 12.9%. Although we are generally content with the overall ratings profile of the Fund and its positioning across the curve, we continue to allow some of the higher-quality, tightest-yielding paper to roll off and to increase fundamental credit picks that we believe could offer the highest risk-adjusted returns. We have been encouraged by the performance of the Triple-C space but remain mindful that liquidity is generally low and the market is still vulnerable to a magnified risk response. Nevertheless, we do see some opportunity to selectively add credits that we believe should rapidly move from more speculative type yields into the group of near-term refinancing candidates.

Diversification may not protect against market risk.

1Q17 Largest Contributors and Detractors
Five Largest Contributors

CHS/Community Health Systems 8.000% Due 11/15/19
Intelsat Jackson Holding 7.250% Due 04/01/19
CHS/Community Health Systems 7.125% Due 07/15/20
Valeant Pharmaceuticals 6.750% Due 08/15/18
Iasis Healthcare/Cap CRP 8.375% Due 05/15/19

Five Largest Detractors

Rite Aid Corp. 6.750% Due 06/15/21
AK Steel Corp. 7.625% Due 10/01/21
Windstream Services LLC 7.750% Due 10/01/21
PetSmart Inc. 7.125% Due 03/15/23
Sanchez Energy Corp. 7.750% Due 06/15/21

Westwood Short Duration High Yield Fund Performance as of 3/31/17

	Annualized				
	1 st Quarter	1 Year	3 Years	5 Years	Since Inception*
Westwood Short Duration High Yield Fund	1.35%	8.17%	1.79%	3.32%	3.33%

**Inception date is 12/28/11. 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 1.00% (gross) and 0.80% (net). The Adviser has contractually agreed to waive fees and reimburse expenses until February 28, 2018. In the absence of current fee waivers, performance 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 SEC 30 Day Yield as of 3/31/17 is 4.59%, unsubsidized 30 Day Yield is 4.41%.*

The Westwood Short Duration High Yield Fund is not a benchmarked fund. The BofA Merrill Lynch U.S. High Yield Index is mentioned solely as a relative market indicator. This Index tracks the performance of below-investment-grade U.S. dollar-denominated corporate bonds. The Index does not reflect any management fees, transaction cost or expenses. The Index is unmanaged and investors cannot invest directly in an index.

Top 10 Holdings as of 3/31/17*

Ichan Enterprises Financial 4.875% Due 03/15/19	Dynegy Inc. 6.750% Due 11/01/19
Wind Acq. 7.375% Due 04/23/21	Reynolds Group 5.750% Due 10/15/20
Aleris International 9.500% Due 04/01/21	Diamond 1 Fin/DI 5.875% Due 06/15/21
HCA Inc. 6.500% Due 02/15/20	Windstream Services 7.750% Due 10/15/20
T-Mobile USA Inc. 6.542% Due 04/28/20	Sunoco LP/Fin 5.500% Due 08/01/20

**Top 10 holdings represent 5.76% of the total portfolio. Holdings are subject to change. Current and future holdings are subject to risk.*

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Duration to Worst is the duration of a bond computed using the bond's nearest call date or maturity, whichever comes first. Yield to Worst is the lowest potential yield that can be received on a bond without the issuer actually defaulting. Coupon is the interest rate stated on a bond when it's issued. The coupon is typically paid semiannually. Average Coupon is the dollar-weighted average interest rate, expressed as a percentage of face value, paid on the securities held by a bond portfolio. Duration is a measure of the sensitivity of the price of a fixed-income investment to a change in interest rates. Duration is expressed as a number of years.

BofA Merrill Lynch U.S. Corporate Index an unmanaged index comprised of U.S. dollar denominated investment grade corporate debt securities publicly issued in the U.S. domestic market with at least one year remaining term to final maturity.

S&P Ratings are a grade given to bonds that indicate their credit quality. S&P give ratings after evaluating a bond issuer's financial strength, or it's the ability to pay a bond's principal and interest in a timely fashion. Ratings are measured on a scale that generally ranges from AAA (highest) to D (lowest).

Mutual fund investing involves risk, including possible loss of principal. In addition to the normal risks associated with investing, bonds and bond funds are subject to interest rate risk and will decline in value as interest rates rise. High yield bonds are highly speculative and carry a greater degree of risk. International investments may involve risk of capital loss from unfavorable fluctuations in currency values, from differences in generally accepted accounting principles or from social, economic or political instability in other nations. A company may reduce or eliminate its dividend, causing losses to the Fund. There is no guarantee that the Fund will achieve its stated objective, which can be found in the prospectus, or that of the strategy. Diversification may not protect against market risk.

This material must be preceded or accompanied by a current prospectus. Investors should read it 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.

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