

Investment Objective

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

Strategy Description

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

Key Highlights

Materials added to relative performance from an overweight and positive stock selection. Several names saw tailwinds emerge from a resumption of the construction cycle post-election and into seasonal strength. Despite the discord coming from Washington, the markets posted another strong gain with the S&P 500 now up for the sixth straight quarter and the Russell 2000 up for the fourth straight quarter in a row.

- Consumer Discretionary hurt relative performance due to negative stock selection
- Producer Durables weighed on relative performance due to negative stock selection
- Consumer Staples aided relative performance from positive stock selection
- Health Care and Technology were the best-performing sectors in the Russell 2000 Value while Energy and Consumer Staples were the worst-performing sectors

Market Overview

Looking back, the stock market produced a strong quarterly gain to start the year. Large-caps led small-caps and growth stocks led value in a reversal of the trend seen in the prior year. The Federal Reserve raised the benchmark rate again in March by 25 basis points as expected, but remained committed to a gradual pace of rate hikes going forward. Interest rates remained relatively steady, declining modestly into the end of March. Global markets continue to remain keenly focused on fiscal policies as the United Kingdom officially triggered Article 50 to begin the process of separating themselves from the European Union and the Republican Party in the U.S. suffered a setback regarding their plan to reform health

care. While these policies will continue to garner headlines, the underlying fundamentals of domestic businesses remains healthy.

Soft data, such as sentiment-based survey data like consumer confidence, remains very strong and some signs of improvements in hard data, such as quantitative-based metrics like durable goods orders, started to be seen as well.

By the Numbers

Omnicell moved higher as near-term results came in weaker than expected driven by the strong interest from existing orders and customers to upgrade to their new XT series. They continued to see significant bookings coming from competitive conversions or greenfield projects. Novanta shares appreciated as continued strong results highlighted the success of their strategy to diversify their end-markets with new product design. MKS Instruments rose as the company reported another strong quarter above estimates as management remains bullish on the prospects for 3D NAND (a type of non-volatile storage technology) and organic light-emitting diode (OLED) spending in the future. Apogee shares gained as continued strength in their construction end-market reemerged post-election and their new products look well positioned. Comfort Systems shares appreciated on solid execution and backlog growth which underpinned optimism from management.

Energy faced a challenging quarter as commodity prices declined for both crude oil and natural gas. This was the worst-performing sector and negatively impacted several holdings including Callon Petroleum and Resolute Energy. The rising production coming from the U.S. shale producers was a driver for the decline in prices, despite producers' positive returns even at these price levels. Ramco-Gershenson Properties shares were pressured by continued struggles of their retailer tenants who are facing pressures from consumer preferences shifting to buying more online. Columbia Banking shares felt some pressure as investors rotated into other areas of the market after the large run in the regional bank group. Lithia Motors declined as investors continued to contemplate the light vehicle cycle as peaking despite management's continued execution and steady results.

Summary and Positioning

Looking forward, markets will continue grappling with uncertainty on the fiscal front. More importantly, however, a key focus for

1Q17 Largest Contributors and Detractors

Five Largest Contributors

Omnicell Inc.
Novanta Inc.
MKS Instruments Inc.
Apogee Enterprises Inc.
Comfort Systems USA Inc.

Five Largest Detractors

Callon Petroleum Co.
Ramco-Gershenson Properties Trust
Columbia Banking System Inc.
Resolute Energy Corp.
Lithia Motors Inc. Class A

Summary and Positioning *(continued)*

equities will be nominal Gross Domestic Product (GDP) growth returning to more normalized levels as a driver for the earnings improvement that has been absent the past several years and should create more dispersion in performance of companies as some are better positioned and equipped to manage through the shifting environment than others. Higher levels of inflation and interest rates should further help to reduce correlations within the equity markets. This should also raise the cost of capital, with high-quality business models being better able to offset the rising costs vs. their lesser peers. We continue to focus on identifying high-quality businesses with under valued growth prospects and attempt to limit downside risk in order to help protect client capital should volatility increase from the low levels seen in the first quarter.

One such opportunity we continue to view favorably is with the shale-exposed oil and gas producers, particularly those in the Permian and Denver-Julesburg (DJ) basins. The productivity improvements that arose from horizontal drilling and fracking

developments have created globally-competitive low-cost producers here in the U.S. We believe these companies have the ability to survive in low energy price environments, and thrive should prices rise from current levels. Further, they are able to grow production at current oil prices and have given guidance for daily barrels produced to increase into the second half of the year and into 2018. While the market remains fixated on near-term price fluctuations in the crude price, these producers should grow their profits over time from higher levels of production, largely independent of oil prices, given their low cost of production and well-managed balance sheets.

The team made changes to the portfolio to improve expected risk-adjusted return, some of which included shifting exposures within energy, swapping a Real Estate Investment Trust (REIT) for a regional bank and an insurance company, and adding a market leader in work truck attachments.

Westwood SmallCap Fund Performance as of 3/31/17

	1 st Quarter	1 Year	Annualized		
			3 Year	5 Year	Since Inception*
Westwood SmallCap Fund	0.00%	29.12%	8.40%	14.95%	8.01%
Russell 2000 Value Index	-0.13%	29.37%	7.62%	12.54%	6.05%

**Inception date is 4/2/07. 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. For performance data current to the most recent month end, please call 1-877-FUND-WHG or visit our website at westwoodfunds.com.*

The gross expense ratio for the fund is 1.11%. The Advisor has agreed to reduce fees and reimburse expenses in order to keep the total expense ratio for WHGSX from exceeding 1.10%. Fee waivers are contractual and available to the Advisor until February 28, 2018.

The Russell 2000 Value Index measures the performance of the 2,000 smallest companies in the Russell 3000 Index, which represents approximately 8% of the total market capitalization of the Russell 3000 Index. The Russell 2000 Value Index measures the performance of those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values. 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 into an index.

The Westwood SmallCap Fund was formerly known as the SmallCap Value Fund.

Top 10 Holdings as of 3/31/17*

Resolute Energy Corp.	J&J Snack Foods Corp.
Summit Hotel Properties Inc.	Callon Petroleum Co.
International Speedway Corp. Class A	Electronics for Imaging Inc.
Summit Hotel Properties Inc.	Apogee Enterprises Inc.
Comfort Systems USA Inc.	Chemical Financial Corp.

**Top 10 Holdings represent 20.76% 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.*

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.

Mutual fund investing involves risk, including possible loss of principal. There are specific risks inherent in small-cap investing, such as greater share price volatility, as compared to other funds that invest in stocks of companies with larger and potentially more stable market conditions. 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.

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