

## Investment Objective

The investment objective of the Westwood Worldwide Income Opportunity Fund is to seek to provide total return, through a combination of current income and capital appreciation, with a lower level of volatility than traditional equity-oriented strategies.

## Strategy Description

The Westwood Worldwide Income Opportunity Fund has a dual mandate to earn an attractive total return, while maintaining a low volatility profile. The Fund will invest in a broad opportunity set including global dividend paying stocks, global preferred stocks, global convertible securities, global Real Estate Investment Trusts (REITs), Master Limited Partnerships (MLPs), Royalty Trusts, global fixed income and cash. Utilizing a flexible tactical allocation, the fund will be able to adjust its asset allocation and investment positions as risk, return and income characteristics change.

## Key Highlights

- Volatility remained subdued across most asset classes as markets cheered pro-E.U. Emmanuel Macron's victory in the French presidential election. In June, the VIX Index had its lowest close since 1993
- Oil prices declined roughly 11% and natural gas prices declined roughly 5%
- The 10-year U.S. Treasury yield declined 0.08% to 2.30%, while 10-year Bund yields rose 0.14% to 0.47%

## Market Overview

Looking back, developed market equities produced another solid gain for the second quarter as global economic data continued to improve. The Federal Reserve (the Fed) raised the benchmark rate in June by 25 basis points as expected, but, also indicated their intent to reduce the size of their balance sheet later this year by not fully reinvesting the proceeds as their bond holdings mature. Taken together, these actions to unwind the Fed's asset purchases, shrinking their balance sheet, and raising extremely low rates put in place after the 2008-2009 financial crisis will continue to shift monetary policy back to more "normalized" levels. European Central Bank (ECB) President Mario Draghi also appeared to plant the seeds on winding down ECB stimulus in the future, which jolted European interest rates higher. Global political noise remained high and investors continued to discount meaningful U.S. legislative impacts on businesses given the discourse so far this year. Noteworthy, most companies' outlooks were positive as their fundamentals came through strongly during the most recent quarterly earnings season.

## By the Numbers

Several Common Stock holdings saw strong gains during the quarter. Nippon Telegraph and Telephone Corporation shareholders cheered a larger than expected dividend hike announcement — a sign that was interpreted as management taking a more active approach to total shareholder returns, which in turn led to additional optimism regarding potential share buybacks. Shares of Novartis rose the most in six months after a study unexpectedly showed one of its drugs, Ilaris, could reduce the cardiovascular risk in patients who have previously suffered a heart incident. Abbott Laboratories rallied on solid results as management continues integrating and working through their two most recent acquisitions - St. Jude and Alere.

Boston Properties declined after reporting underwhelming leasing results that seemed especially lackluster when compared to the record leasing volume the company achieved in the prior quarter. Additionally, concerns over New York City office rent growth, which has ebbed and flowed over the last year, rose again. Energy and energy-related securities such as Kinder Morgan, Occidental and Shell Midstream Partners saw weakness as both oil and natural gas prices fell meaningfully.

## Summary and Positioning

Looking forward, companies both domestically and abroad are seeing improvements in their fundamental prospects even as political uncertainty remains elevated. While Washington headline noise appears unlikely to abate in the near-term, the more important regime change continues to be progressing as U.S. monetary policy becomes less accommodative in conjunction with improving economic indicators. Fundamentally, investors continue to forecast strong earnings growth; the upcoming 2Q17 earnings season for the S&P 500 is expected to be the fourth consecutive quarter of year-over-year improvement after a streak of four declines prior. Given the changes underway from both fiscal and monetary policies, dispersion remains a key watch item as different companies are better situated to cope with the changing landscape. 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 undervalued growth prospects and attempt to limit downside risk in order to protect client capital should volatility increase from the low levels seen so far this year.

Our research process continues to find opportunities both across asset classes and within each asset class. As an illustration, we are currently finding the most attractive investment opportunities in high-quality dividend-paying

**Summary and Positioning (continued)**

Common Stock, and within that asset class we continue to like exposure to U.S. banks, which we expect will benefit from several tailwinds including easing regulatory burdens and higher interest rates. The flexibility we have to invest across a company's capital structure allows us to target different expected risk-adjusted returns; at times we focus on just a single security, and at other times we supplement exposure to one part of a company's capital structure with another part. As an example, we recently supplemented a holding in a medical device company by buying into the company's newly issued convertible, which offers a substantial yield pickup over the Common Stock together with a high degree of participation in the underlying Common Stock's return.

We maintain modest exposure to government and corporate bonds; we will look for an increase in interest rates, combined with a widening in credit spreads, to create additional opportunities within the fixed income and fixed income-like

markets. Our higher-than-normal cash position has continued to help serve as a cushion against market volatility and will give us the ability to acquire assets at more attractive levels as volatility and interest rates normalize.

During the quarter, the team made several changes to the portfolio to improve our expected risk-adjusted return. Positions were initiated in a Fixed-to-Floating Rate Preferred Stock from JPMorgan and in a Mandatory Convertible Preferred Stock from Becton Dickinson. Positions were exited in the Common Stock of General Electric, in the Preferred Stock of HSBC and MetLife, in the Convertible Debt of Microchip Technology, and in the Corporate Debt of Apple. Corporate Debt holdings in Becton Dickinson, Diageo, GlaxoSmithKline and Heineken were either redeemed or matured.

**2Q17 Largest Contributors and Detractors**
**Five Largest Contributors**

Nippon Telegraph and Telephone Corp. ADR  
Novartis AG ADR  
Abbott Laboratories  
Boeing Co.  
Alexandria Real Estate Equities Inc.

**Five Largest Detractors**

Boston Properties Inc.  
Kinder Morgan Inc. Preferred  
Occidental Petroleum Corp.  
Shell Midstream Partners L.P.  
Enbridge Inc.

**Westwood Worldwide Income Opportunity Fund Performance as of 6/30/17**

	2 <sup>nd</sup> Quarter	1 Year	Annualized Since Inception*
Westwood Worldwide Income Opportunity Fund	2.43%	5.72%	1.07%

*\*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. Expense ratio is 1.00% (net), 2.22% (gross). The Adviser has contractually agreed to waive fees and reimburse expenses until February 28, 2018. For performance data current to the most recent month end, please call 1-877-FUND-WHG or visit our website at westwoodfunds.com.*

## Top 10 Holdings as of 6/30/17\*

Nippon Telegraph and Telephone Corp. ADR	Comcast Corp. Class A
Osterreichische Kontrollbank AG 1.125% Due 05/29/18	U.S. Bancorp
KFW Bankengruppe 0.875% Due 04/19/18	Keyence Corp.
Anheuser-Busch InBev SA ADR	Raytheon Co.
Astrazeneca Plc. 1.750% Due 11/16/18	Novartis AG ADR

*\*Top 10 holdings represent 24.46% of the total portfolio. Holdings are subject to change. Current and future holdings are subject to risk.*

MSCI World Index is a broad global equity benchmark that represents large and mid-cap equity performance across 23 developed markets countries. It covers approximately 85% of the free float-adjusted market capitalization in each country and MSCI World benchmark does not offer exposure to emerging markets.

The Westwood Worldwide Income Opportunity Fund is distributed by SEI Investments Distribution Co., 1 Freedom Valley Dr., Oaks, PA 19456 which is not affiliated with the Adviser. 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 bond funds are speculative and carry a greater degree of risk. 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. Investments in smaller companies typically exhibit higher volatility. The Funds may invest in derivatives, which are often more volatile than other investments and may magnify a Fund's gains or losses. There is no guarantee that the Fund will achieve its stated objective, which can be found in the prospectus.

***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.*

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