WESTWOOD FUNDS®

Westwood LargeCap Value Fund (WHGLX)

2Q17 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 U.S. stock exchanges.

Key Highlights

Positive stock selection in Technology was a primary contributor to relative performance as several holdings were top performers. Equities continued their march higher posting gains across the board. The trends from last year continued unwinding as large-cap stocks and growth stocks outpaced small-caps and value stocks.

- Negative stock selection in Real Estate Investment Trusts (REITs) detracted from relative performance
- Stock selection in Health Care added to relative performance
- Consumer Staples detracted from relative performance due to negative stock selection
- Health Care and Financial Services were the best-performing sectors in the Russell 1000 Value while Energy and Utilities were the worst-performing sectors

Market Overview

Looking back, the stock market produced another solid gain for the second quarter. Large-caps continued to beat small-caps and growth stocks outperformed value, which has been the case for both since the beginning of the year. The Federal Reserve (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 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.

Global markets moved higher as economic conditions appeared stable to improving in many areas of the world. Political noise remained high and investors continued to discount meaningful 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 names in the Technology sector saw strong gains unfold during the quarter including PayPal, where additional partnerships and continued execution on their strategic growth initiatives like monetizing Venmo and in-store payments drove shares higher. Oracle shares gained as cloud revenues again outgrew the declines in their legacy on-premise business and continued to validate the shift in their revenue model to focus on cloud offerings. Aetna moved higher on strong enrollment performance for their Medicare Advantage offerings and a decision to exit their health care exchanges next year which had been losing money. Cigna rallied on strong enrollment results as well, stemming from their commercial segment and overall better growth. The company recently hosted a positive analyst day where they discussed their strategic long-term growth initiatives and capital deployment priorities. Sherwin-Williams shares moved up as the company continued to see strong same-store sales in their paint store segment offset by modest gross margin declines from higher input costs. The company also closed their deal to acquire Valspar, creating a premier global paints and coatings company in the process.

However, weakness continued for several names in the Energy sector as commodity prices continued to fall during the quarter with both natural gas and crude oil now down over 10% year-to-date. EOG Resources and RSP Permian moved lower in sympathy with the decline in commodity prices, despite the best-in-class nature of both companies in terms of their ability to generate cash flow and grow production in lower oil price environments. Halliburton shares continued to be pressured by their decision to ramp their reactivation of pressure pumping equipment. The company's efforts are in response to the increased rig count and expectations for pricing to recover in this segment. Dr Pepper Snapple declined as the company lowered growth expectations for

2Q17 Largest Contributors and Detractors

Five Largest Contributors	Five Largest Detractors
PayPal Holdings Inc.	RSP Permian Inc.
Aetna Inc.	AT&T Inc.
Cigna Corp.	Halliburton Co.
Sherwin-Williams Co.	EOG Resources Inc.
Oracle Corp.	Booz Allen Hamilton Holding Corp. Class A

By the Numbers *(continued)*

their recent acquisition. AT&T fell as increased competition in several of their business segments, notably wireless, continues to create headwinds to their topline growth.

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 monetary policy becomes less accommodative in conjunction with improving economic indicators. Fundamentally, investors continue to forecast strong earnings growth. The upcoming second quarter 2017 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 versus 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.

One opportunity that continues to look attractive in the markets are health care stocks. Health Care was one of the worst-performing sectors last year as uncertainty regarding the future of the Affordable Care Act (ACA) weighed on the group. A number of opportunities in the sector were created as a result of broad concerns for the industry that pushed valuation multiples to levels at or below the market with better growth rates and return metrics. Many of these businesses have strong, stable franchises with solid growth prospects trading at attractive multiples and limited direct exposure to any changes that may occur. Others may see some benefits emerge from the changes. We continue to monitor the developments in Washington for the fundamental implications for our companies and the group.

The team made changes to the portfolio to seek to improve expected risk-adjusted return, some of which included improving our asymmetric potential by shifting exposures within energy, adding a high-quality banking franchise and a communication solution company, and exiting a payment platform provider.

Westwood LargeCap Value Fund Performance as of 6/30/17

			Annualized			
	2nd Quarter	1 Year	3 Year	5 Year	10 Year	Since Inception*
Westwood LargeCap Value Fund	3.43%	14.27%	7.80%	13.36%	5.90%	7.26%
Russell 1000 Value Index	1.34%	15.53%	7.36%	13.94%	5.57%	7.13%

**Inception date is 6/28/06. 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 0.84%. 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 0.75% of the Funds average daily net assets until February 28, 2018. 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.

Westwood LargeCap Value Fund (WHGLX)

2Q17 Commentary

Top 10 Holdings as of 6/30/17*	
JPMorgan Chase & Co.	Johnson & Johnson
Wells Fargo & Co.	CVS Health Corp.
Bank of America Corp.	Abbott Laboratories
Becton, Dickinson and Co.	Oracle Corp.
AT&T Inc.	General Mills Inc.

**Top 10 Holdings represent 29.40% 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.

A growth stock refers to a share in a company whose earnings are expected to grow at an above-average rate relative to the market.

A value stock refers to a stock that tends to trade at a lower price relative to its fundamentals and thus considered undervalued by a value investor.

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.

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