

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): November 18, 2022

WESTWOOD HOLDINGS GROUP, INC.

(Exact name of registrant as specified in charter)

Delaware
(State or other jurisdiction
of incorporation)

001-31234
(Commission File Number)

75-2969997
(IRS Employer Identification No.)

200 Crescent Court, Suite 1200
Dallas, Texas 75201
(Address of principal executive offices)

(214) 756-6900
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class
Common stock, par value \$0.01 per share

Trading Symbol(s)
WHG

Name of Each Exchange on Which Registered
New York Stock Exchange

Indicate by checkmark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by checkmark if the registrant has elected not to use the extended transition period for complying with any new revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.01. Completion of Acquisition or Disposition of Assets.

On November 18, 2022, Westwood Holdings Group, Inc., a Delaware corporation (the “Company”), completed its previously announced acquisition of the asset management business (the “Business”) of Salient Partners, L.P., a Delaware limited partnership (“Salient Partners”), pursuant to that certain Purchase Agreement (the “Purchase Agreement”), dated as of May 25, 2022, by and among the Company, Salient Partners, Salient Capital Management, LLC, a Delaware limited liability company and the other Sellers as listed on Annex A attached thereto (collectively, the “Sellers” and each, individually, a “Seller”).

The purchase price paid by the Company at the closing (the “Closing”) of the transactions contemplated by the Purchase Agreement (the “Salient Acquisition”) was \$35 million in cash, subject to certain customary adjustments, including adjustments for working capital and client consents. The Company funded the closing payment with cash on hand.

In addition to the closing payment and the assumption of certain liabilities of the Business, the purchase price also includes contingent earn-out payments of up to an aggregate of \$25 million (the “Earn-Out Payments”) based on (x) the retention of a minimum level of net revenue (as calculated under the Purchase Agreement) of the Business in the 15, 18, 21 and 24 months following the Closing (the “Revenue Retention Earnout Payments”) and (y) the growth in net revenue (as calculated under the Purchase Agreement) of the Business in the second and third years following the Closing (the “Revenue Growth Earnout Payments”). The Revenue Retention Earnout Payments, if any, are expected to be paid using cash on hand. The Revenue Growth Earnout Payments, if any, would be paid in shares of the Company’s common stock, par value \$0.01 per share.

The foregoing description of the Purchase Agreement in this Item 2.01 does not purport to be complete and is subject to, and qualified in its entirety by, the full text of the Purchase Agreement, a copy of which is incorporated by reference to [Exhibit 2.1 \(as previously filed as Exhibit 2.1 to the Company’s Current Report on Form 8-K, filed with the SEC on May 26, 2022\)](#).

Item 7.01 Regulation FD Disclosure.

Attached as Exhibit 99.2 and furnished for purposes of Regulation FD is a presentation that the Company may use from time to time in presentations or discussions with investors, analysts, and other parties. The presentation will also be posted on the Company’s website.

The information in this Item 7.01 (including Exhibit 99.2) is being furnished solely to satisfy the requirements of Regulation FD and shall not be deemed to be “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that Section, nor shall it be deemed to be incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act.

Item 8.01. Other Events.

On November 18, 2022, the Company issued a press release announcing the completion of the Salient Acquisition. A copy of the press release is furnished herewith as Exhibit 99.1 to this Current Report on Form 8-K.

Item 9.01. Financial Statements and Exhibits.

- (a) The Company intends to file the audited financial statements of the Business as required by this Item 9.01(a) under the cover of Form 8-K/A no later than 71 calendar days after the date this Current Report on Form 8-K was required to be filed.
- (b) The Company intends to file unaudited pro forma condensed combined financial information as required by this Item 9.01(b) giving effect to the Salient Acquisition as required by this Item 9.01(b) under cover of Form 8-K/A no later than 71 calendar days after the date this Current Report on Form 8-K was required to be filed.

**Exhibit
Number**

Description

2.1	Purchase Agreement, dated May 25, 2022, by and among Westwood Holdings Group, Inc., Salient Capital Management, L.L.C., Salient Partners, L.P. and the other Seller parties identified on Annex I (incorporated by reference to Exhibit 2.1 of the Company's Current Report on Form 8-K dated May 26, 2022).
99.1	Press Release Dated November 18, 2022
99.2	Investor Presentation of Westwood Holdings Group, Inc.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

WESTWOOD HOLDINGS GROUP, INC.

Dated: November 21, 2022

By: /s/ Brian O. Casey
Name: Brian O. Casey
Title: President and Chief Executive Officer

Westwood Acquires Salient Partners' Asset Management Business

Highly Complementary Expansion of Westwood's Investment and Distribution Capabilities

DALLAS, Nov. 18, 2022 (GLOBE NEWSWIRE) – Westwood Holdings Group, Inc. (NYSE: WHG, “Westwood”), a Dallas-based investment management boutique and wealth management firm, has acquired the asset management business of Salient Partners, L.P. (“Salient”), a Houston-based asset management firm. As a result, Westwood has also acquired a significant minority stake, previously owned by Salient, in Broadmark Asset Management LLC (“Broadmark”). Broadmark is a San Francisco-based asset manager offering hedged equity strategies and serves as sub-adviser to a pair of seasoned mutual funds and separately managed accounts now offered by Westwood.

This strategic acquisition increases Westwood's total assets under management (“AUM”) by 33% to \$16.3 billion, adding specialization and scale across Westwood's Multi-Asset, Real Assets and Alternative range of strategies. The Westwood, Salient and Broadmark portfolio management and distribution teams will remain unchanged.

Broadened Investment Capabilities

The acquisition expands Westwood's offerings with the addition of four distinct investment capabilities that bolster Westwood's growing Multi-Asset, Real Assets and Alternatives platform:

Energy Infrastructure – A recognized leader and innovator in the energy infrastructure and MLP space, the team has worked together for over a decade and is highly regarded for its depth of energy industry expertise and thought leadership. Energy Infrastructure offerings total \$2.1 billion in AUM and are available as separately managed accounts, a mutual fund and private funds.

Tactical Equity – With \$1.3 billion in AUM, the Long-Short Equity strategies sub-advised by Broadmark are highly scalable and are offered as mutual funds and separately managed accounts. The team has compiled an exceptional 23-year track record seeking above-average, risk-adjusted returns in all market environments with less downside volatility than the S&P 500[®] Index.

Real Estate – The team has developed a strong reputation over two decades while offering differentiated approaches to investing in liquid real estate securities for attractive current yield and appropriate risk-adjusted total returns. Real Estate strategies total \$242 million in AUM and are available as mutual funds and separately managed accounts.

Private Investments – The team joining Westwood has substantial experience in sourcing and raising assets for private investment vehicles in the energy and real asset spaces. Private investments aggregate \$367 million in AUM.

Expanded Distribution Capabilities

The acquisition significantly expands Westwood's distribution capabilities, combining two highly complementary teams with very little client overlap and uniquely successful histories of focusing on different distribution channels. Salient has developed a broad presence in the wirehouse channel, while Westwood has a strong presence in the independent broker-dealer, RIA and institutional channels. The expanded distribution team is expected to leverage the increased scale and broader product availability to enhance offerings to a wide range of institutional, intermediary and wealth management clients.

“This highly accretive acquisition strengthens Westwood's business and provides many growth opportunities going forward. Our enhanced investment capabilities will help our investors achieve their objectives, including seeking alternative sources of income, gaining inflation protection by investing in real assets, achieving low correlations with traditional asset classes and mitigating overall volatility.”



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Incorporating these strategies into our product suite allows us to capitalize on the substantial investments we have made over the last several years to strengthen our distribution platform. Together, we are looking forward to serving a wider range of client needs and accelerating the growth of our business,” said Westwood’s Chief Executive Officer, Brian O. Casey.

Transaction Details

- Westwood has acquired Salient’s asset management business for an upfront payment of \$35 million in cash, subject to certain customary adjustments, including adjustments for working capital and client consents, with deferred payments of cash and equity of up to \$25 million over several years, upon satisfaction of certain revenue retention and growth targets. The transaction is expected to result in significant accretion to economic earnings per share (“EPS”). Westwood expects economic EPS accretion of approximately 100% in 2023, the first full year following the transaction closing.
- Related to the transaction, Westwood will award restricted stock grants aggregating \$5 million to six members of the Energy Infrastructure team. The restricted stock awards will be granted pursuant to restricted stock agreements in respect of 468,607 shares of Westwood stock in the aggregate and will vest in five years, provided the individual remains employed through the vesting date. The restricted stock grants are a one-time employment inducement award under Section 303A.08 of the New York Stock Exchange Listed Company Manual.
- The newly acquired investment strategies will be marketed under the Westwood Salient and Westwood Broadmark names and will be managed by the same investment teams, with the same stated investment objectives. The strategies will benefit from the additional risk and performance analytics that Westwood provides to its current investment teams.
- Westwood will fund the upfront payment using cash on hand and will maintain its debt-free balance sheet.

RBC Capital Markets served as exclusive financial advisor to Westwood Holdings Group, Inc. Willkie Farr & Gallagher LLP acted as external legal counsel.

Note: AUM figures as of 10.31.22

ABOUT WESTWOOD HOLDINGS GROUP, INC.

Westwood Holdings Group, Inc. is a focused investment management boutique and wealth management firm.

Westwood offers a broad array of investment solutions to institutional investors, private wealth clients and financial intermediaries. The firm specializes in distinct investment capabilities: U.S. Value Equity and Multi Asset, which includes Asset Allocation, Real Assets and Tactical, and are made available through separate accounts, the Westwood Funds® family of mutual funds and other pooled vehicles. Westwood benefits from significant, broad-based employee ownership and trades on the New York Stock Exchange under the symbol “WHG.” Based in Dallas, Westwood also maintains offices in Houston and San Francisco.

For more information on Westwood, please visit westwoodgroup.com.

Forward-Looking Statements

Statements in this press release that are not purely historical facts, including, without limitation, statements about our expected future financial position, results of operations or cash flows, as well as other statements including without limitation, words such as “anticipate,” “believe,” “expect,” “could,” and other similar expressions, constitute forward- looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended and Section 21E of the Securities Exchange Act of 1934, as amended.



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Various forward-looking statements in this press release relate to the acquisition by Westwood of Salient's asset management business, including expected scale opportunities, operating efficiencies and results, growth trajectories, client and stockholder benefits, key assumptions, client retention and revenue realization, cost synergies, financial benefits or returns, including accretion and integration costs.

Forward-looking statements involve various known and unknown risks, uncertainties and other important factors, some of which are listed below, that could cause actual results and outcomes to differ materially from any future results or outcomes expressed or implied by such forward-looking statements. Important transaction-related and other risk factors that may cause such differences include: (i) anticipated benefits of the transaction, including the realization of revenue, accretion, financial benefits or returns, may not be fully realized or may take longer to realize than expected; and (ii) Westwood may be unable to successfully integrate Salient's businesses with those of Westwood or to integrate the businesses within the anticipated time frame.

Actual results and the timing of some events could differ materially from those projected in or contemplated by the forward-looking statements due to a number of factors, including, without limitation: the composition and market value of our AUM; our ability to maintain our fee structure in light of competitive fee pressures; risks associated with actions of activist stockholders; distributions to our common stockholders have included and may in the future include a return of capital; inclusion of foreign company investments in our AUM; regulations adversely affecting the financial services industry; our ability to maintain effective cyber security; litigation risks; our ability to develop and market new investment strategies; our reputation and our relationships with current and potential customers; our ability to attract and retain qualified personnel; our ability to perform operational tasks; our ability to oversee third-party vendors; our dependence on the operations and funds of our subsidiaries; our ability to maintain effective information systems; our ability to prevent misuse of assets and information in the possession of our employees and third-party vendors that could damage our reputation and result in costly litigation and liability for our clients and us; our stock is thinly traded and may be subject to volatility; our organizational documents contain provisions that may prevent or deter another group from paying a premium over the market price to our stockholders to acquire our stock; competition in the investment management industry; our ability to avoid termination of client agreements and the related investment redemptions; the significant concentration of our revenues in a small number of customers; our relationships with investment consulting firms; the impact of the COVID-19 pandemic; our ability to identify and execute on our strategic initiatives; our ability to pay dividends; our ability to fund future capital requirements on favorable terms; our ability to properly address conflicts of interest; our ability to maintain adequate insurance coverage; our ability to maintain an effective system of internal controls; and the other risks detailed from time to time in Westwood's SEC filings, including, but not limited to, its annual report on Form 10-K for the year ended Dec. 31, 2021 and its quarterly reports on Form 10-Q for the quarters ended March 31, 2022, June 30, 2022 and Sept. 30, 2022. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this press release. Except as required by law, Westwood is not obligated to release any revisions to these forward-looking statements publicly to reflect events or circumstances after the date of this press release or to reflect the occurrence of unanticipated events.

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Westwood's Acquisition of Salient

Enhancing Capabilities Across U.S. Equity, Multi-Asset, Real Assets and Alternatives at an Attractive Valuation



Salient Transaction | Highlights

Nov. 2022 – Acquired the asset management business of Salient Partners, L.P., a Houston-based investment firm.



Attractive Valuation – Significant Year 1 EPS Accretion Is Expected

– Structured with back-end protection through prudent growth and revenue retention hurdles



Adds Complementary, Highly Differentiated Investment Capabilities Expanding Westwood's Multi-Asset Platform

– Significant opportunities for product extensions and innovation across real assets and liquid alternatives



Adds Three Seasoned and Well-Respected Investment Teams

– Highly regarded for their intellectual capital and thought leadership



Leverages Investment Offerings and Distribution Across Institutional and Intermediary Channels

– Accelerates Westwood's ability to capitalize on substantial investment in distribution infrastructure



Westwood Gains Immediate Platform Access to Marquee Intermediary Firms

– Would have otherwise taken significant time and financial resources to build organically



Energy Infrastructure



Private Investment

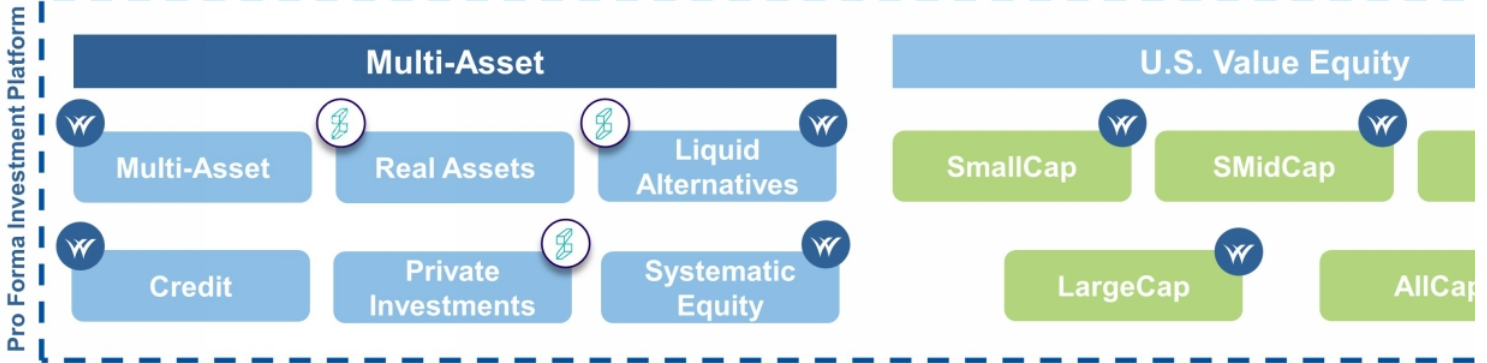


Tactical Equity

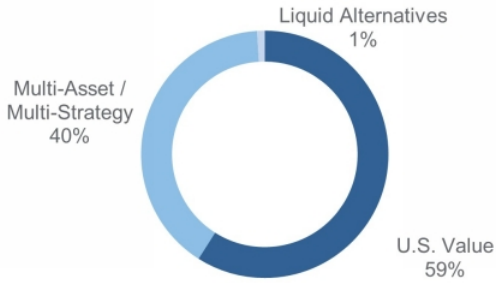


Real Estate

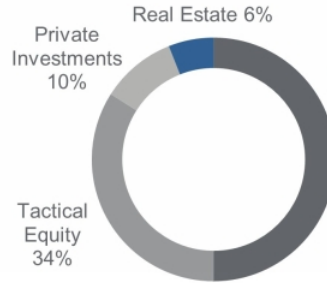
Platform Overview | Transaction Creates a Distinctive Investment Management



Pro Form

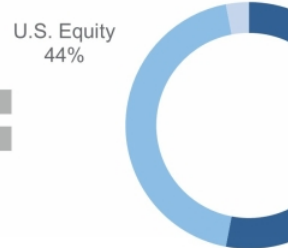


AUM: \$12.3B
Revenue: \$66M



AUM: \$4.0B
Revenue: \$31M

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AUM: \$16
Revenue: \$

- ✓ Diversifies the Westwood Product Footprint
- ✓ Strong Income-Oriented Strategies

- ✓ Alternatives Expertise and Highly Regarded Energy Infrastru
- ✓ Opportunities Range Across the Public-Private Spectrum

Salient | A Premier Multi-Team Alternative Asset Manager With a Deep Client

This timely opportunity, with a Texas-based company, allows for unique complementary product operational synergies that, when combined, will provide exceptional earnings growth potential for

Overview of Salient

- Salient Partners, L.P. (“Salient”) is a Houston-based actively managed asset management firm; founded in 2002
 - Additional office located in San Francisco
- Current AUM is \$4.0B
- \$31M Revenue Generating Platform
- Salient is a known and respected brand in the Liquid Alts, SMA & Energy Infrastructure space
- Focuses investments around two main areas:
 - Real Asset Strategies**
 - Energy Infrastructure and Real Estate
 - Sub-Advised Specialty Strategies**
 - Tactical Equity and Private Investments

Snapshot

Key Stats

\$4.0B of AUM

9 Investment Professionals

\$31M Gross Revenue

Houston, TX // San Francisco, CA

Vehicles

Open-End Funds

Private Funds

Separate Accounts

UMA Model Delivery

Why Salient?

- ✓ Diversifies Product Footprint Enhancing platform, including Real Assets and Liquidity
- ✓ Access to top-tier broker-dealers
- ✓ Accelerates Intermediary scale expansion
- ✓ Additional vehicle / product capabilities
- ✓ Energy Infrastructure team with a well-established market position and strong investor following
- ✓ Complementary cultures and geography
- ✓ Key growth opportunity with strong tailwinds partnering with Broadmark Asset Management Tactical Equity strategies
- ✓ Focused Real Estate team with avenues for expansion and growth

1 Energy Infrastructure

Total AUM: \$2.1B

- ✓ Well-known investment team based in Houston, 15+ yr history
 - Acquired by Salient in 2011; prior experience with Goldman Sachs and Merrill Lynch
- ✓ Platformed and recommended at Morgan Stanley, Wells Fargo, UBS and Commonwealth
- ✓ Established institutional client base
- ✓ One of a handful of firms who have already laid the groundwork to transition to clean energy and infrastructure

MLP & Energy Infrastructure AUM: \$1,055M	MLP SMA AUM: \$670M	MLP UMA AUM: \$166M
MLP Total Return Fund AUM: \$150M	MLP Total Return TE Fund AUM: \$50M	MLP Private Equity SMA AUM: \$16M

3 Real Estate

Total AUM: \$242M

- ✓ Manages two strategies:
 - Select Income invests in preferred securities issued by REITs
 - Global Real Estate invests in a global portfolio of REIT equities

Select Income Fund AUM: \$221M	Global Real Estate Fund AUM: \$20M	Real Estate SMA AUM: \$0.2M
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2 Tactical Equity

Total AUM: \$1.3B

- ✓ Liquid alternative strategy subadvised by Broadmark Management using quantitative and qualitative exposure via systematic and active asset allocation
 - As part of the transaction, Westwood will acquire Broadmark Asset Management
- ✓ Platformed and recommended at Morgan Stanley with record of good performance and downside control

Tactical UMA AUM: \$780M	Tactical Growth Fund AUM: \$289M	Tactical SMA AUM: \$168M
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4 Private Investments

Total AUM: \$367M

- ✓ Substantial experience sourcing and raising assets in investment vehicles across energy and real estate
- ✓ Currently includes two strategies:
 - Zarvona Energy and Marble Multi-Family are managed real estate and private equity strategies

Zarvona Energy Funds AUM: \$312M	Marble Multi-Family AUM: \$55M
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Open-End Funds	Separate Accounts
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Transaction Rationale and Financial Impact

Westwood prides itself on being a focused investment management boutique and wealth manager. Our highly differentiated strategies serve as a strong complement to our U.S. Value and Multi-Asset portfolios.

Financial Considerations

- +** Immediately accretive to earnings with approximately 100% accretion to economic EPS expected in 2023
- +** Immediate margin expansion upon closing
- +** Prudently structured with back-end protection through growth and revenue retention hurdles

Strategic Considerations

- +** **Platform Expansion Opportunity**
 - Supports a broader wholesaling effort enhancing future product development and growth opportunities
- +** **Strong Investment Outlook**
 - Tactical Equity strategies are poised to attract new inflows following any hesitations in the market
- +** **Diversification**
 - Provides additional diversification and an attractive Alternatives products and FOF platform

AUM Impact



Revenue Impact



Westwood | Forward-Looking Statements

Statements in this presentation that are not purely historical facts, including, without limitation, statements about our expected future financial position, preliminary operations or cash flows, as well as other statements including, without limitation, words such as “anticipate,” “preliminary,” “believe,” “plan,” “estimate,” “expect,” “intend,” “goal,” “may,” “target,” “designed,” “on track,” “comfortable with,” “optimistic” and other similar expressions, constitute preliminary, forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Actual results and the timing of some events may differ from those projected in or contemplated by the forward-looking statements due to a number of factors, including, without limitation, those set forth below:

- the composition and market value of our AUM;
- our ability to maintain our fee structure in light of competitive fee pressures;
- our stockholder rights agreement may make it more difficult for others to obtain control over us, even if it would be beneficial to our stockholders;
- risks associated with actions of activist stockholders;
- distributions to our common stockholders have included and may in the future include a return of capital;
- inclusion of foreign company investments in our AUM;
- regulations adversely affecting the financial services industry;
- our ability to maintain effective cyber security;
- litigation risks;
- our ability to develop and market new investment strategies successfully;
- our reputation and our relationships with current and potential customers;
- our ability to attract and retain qualified personnel;
- our ability to perform operational tasks;
- our ability to select and oversee third-party vendors;
- our dependence on the operations and funds of our subsidiaries;
- our ability to maintain effective information systems;
- our ability to prevent misuse of assets and information in the possession of our employees and third-party vendors, which could damage our reputation and result in liability for our clients and us;
- our stock is thinly traded and may be subject to volatility;
- in addition to our stockholder rights agreement, our organizational documents contain provisions that may prevent or deter another group from paying a premium to our stockholders to acquire our stock;
- competition in the investment management industry;
- our ability to avoid termination of client agreements and the related investment redemptions;
- the significant concentration of our revenues in a small number of customers;
- our relationships with investment consulting firms;
- the impact of the COVID-19 pandemic;
- our ability to identify and execute on our strategic initiatives;
- our ability to declare and pay dividends;
- our ability to fund future capital requirements on favorable terms;
- our ability to properly address conflicts of interest;
- our ability to maintain adequate insurance coverage; and
- our ability to maintain an effective system of internal controls.

Additional factors that could cause our actual results to differ materially from our expectations are discussed under the section entitled “Risk Factors” in our Form 10-K for the year ended December 31, 2021 and our quarterly reports on Form 10-Q for the quarters ended March 31, 2022, June 30, 2022 and September 30, 2022, which together with our other filings are available at www.sec.gov. You should not unduly rely on these forward-looking statements. Except as required by law, we are not obligated to publicly release any revisions to these statements to reflect events or circumstances after the date of this investor presentation or to reflect the occurrence of unanticipated events or otherwise.



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