

GLOBAL SMID CAP STRATEGY



1Q 2024 Strategy Fact Sheet

PERFORMANCE (%)

Past performance is no guarantee of future results.

	1Q 2024	1 Year	3 Years	Since 6/30/2020
Portfolio (Gross)	5.72	17.47	5.09	15.96
Portfolio (Net)	5.49	16.43	4.15	14.93
MSCI ACWI SMID Cap Net Index	4.99	16.81	2.42	11.43

All periods longer than 12 months are annualized. See disclosures on last page. Source: GPS.

Manager Commentary

Market Overview

Global equity markets continued to rally in the first quarter of 2024, with the MSCI ACWI SMID Cap Net Index up 4.99% for the quarter. Two-thirds of the markets represented in the ACWI SMID Cap Net Index contributed positively to the benchmark return. At the sector level, the more cyclical sectors like Energy, Industrials, Financials and Consumer Discretionary drove the benchmark higher, as the equity rally began to broaden out.

The continued rally in the first quarter was driven by increasing global liquidity, which boosted valuation multiples, while earnings remained largely in line with expectations. Industrial activity, which had been contracting for the last 18 months, showed signs of a trough during the quarter with a firming of commodity prices. Industrial activity should stabilize further during the second quarter and start to expand in the second half of 2024, although the pace of that expansion remains to be seen.

Inflation has troughed in the U.S. and has already started to increase in other regions of the world. Interest rates have moved higher as commodity prices have risen and inflation expectations are firming. We expect the improvement in economic growth and increases in global liquidity to support equity markets through the U.S. presidential election in November; however, the outlook after that is less certain.

Portfolio Positioning

As a result of buys and sells and market action, the portfolio is overweight Information Technology, Industrials, Consumer Discretionary, Energy, and Materials while underweight Consumer Staples, Utilities, Real Estate, Communication Services, Health Care, and Financials.

Contributors to Performance

During the quarter, the portfolio experienced positive absolute and positive relative performance. Positive relative performance came from Industrials, Consumer Discretionary, Real Estate, Consumer Staples, Energy, Communication Services, Health Care, and Utilities while offset by underperformance in Information Technology, Materials, and Financials.

"We believe investing is about **offsetting future obligations**, not just having market exposure."

1Q 2024 GLOBAL SMID CAP STRATEGY PORTFOLIO

Portfolio Characteristics

	Portfolio	MSCI ACWI SMID Cap Net Index
Number of Holdings	64	7,806
Wtd. Avg. Mkt. Cap (\$B)	11.52	11.75
Price/Book	2.90	1.92
Price/Cash Flow	13.47	9.23
P/E NTM	17.30	15.21
ROA (%)	9.12	5.88
ROE (%)	16.89	12.81
Dividend Yield (%)	1.28	2.04
Net Debt/Equity	0.75	0.50

Source: FactSet

Portfolio Sector Weightings (%)^{* 1}

	Portfolio	MSCI ACWI SMID Cap Net Index
Industrials	25.23	19.92
Information Technology	18.47	12.88
Consumer Discretionary	16.33	11.46
Financials	12.76	14.58
Materials	9.48	8.12
Energy	7.38	4.31
Health Care	6.39	8.77
Real Estate	2.73	6.94
Communication Services	1.22	3.85
Consumer Staples	-	4.85
Utilities	-	4.33

^{*} Excludes 1.40% cash. Due to rounding, totals may not equal 100%.

¹ Performance holdings subject to change.

Source: FactSet

Top Ten Holdings^{* 1}

	Country	Sector	% of Total Portfolio [*]
Element Solutions Inc	United States	Materials	3.16
Monolithic Power Systems Inc	United States	Information Technology	2.66
TFI International Inc	Canada	Industrials	2.58
Saia Inc	United States	Industrials	2.56
Insight Enterprises Inc	United States	Information Technology	2.51
Core & Main Inc	United States	Industrials	2.29
Skyline Champion Corp	United States	Consumer Discretionary	2.29
Diamondback Energy Inc	United States	Energy	2.18
Installed Building Products Inc	United States	Consumer Discretionary	2.14
Alamo Group Inc	United States	Industrials	2.10

^{*} Excludes 1.40% cash.

¹ Performance holdings subject to change.

Source: FactSet

Portfolio Geographic Weightings (%)^{*}

	Portfolio	MSCI ACWI SMID Cap Net Index
North America	63.34	57.22
Western Europe	23.21	15.77
Pacific Rim	13.45	20.70
Africa	-	0.54
Central Asia	-	2.53
Eastern Europe	-	0.58
Middle East	-	1.74
South America	-	0.91

^{*} Excludes 1.40% cash.

Source: FactSet

VAUGHAN NELSON EQUITY TEAM

LEAD PORTFOLIO MANAGER



James Eisenman, CFA, CPA

- Began financial and accounting career in 2002
- Joined Vaughan Nelson in 2005
- Masters in Accounting, Ohio State University, 2005
- BBA, Ohio State University, 2002, with Honors

CO-PORTFOLIO MANAGERS



Marco Priani, CFA, CPA, FRM

- Began financial and investment career in 2001
- Joined Vaughan Nelson in 2019
- MBA, The University of Chicago-Graduate School of Business, 2005
- LL.M., Northwestern University School of Law, 2006
- MSF, Universidad Del CEMA, 1999
- JD, Universidad De Buenos Aires-School of Law, 1987, *cum laude*



Adam Rich, CFA

- Began investment career in 2010
- Joined Vaughan Nelson in 2016
- BS, Brigham Young University, 2010



Kevin Ross, CFA

- Began financial and investment career in 2006
- Joined Vaughan Nelson in 2019
- MBA, The University of Chicago Booth School of Business, 2014
- BSBA, Washington University, 2006

RESEARCH



Benjamin Carrier, CFA Vice President, U.S. Equity Analyst

- Began financial analysis and accounting career in 2014
- BBA, Baylor University, 2014, *cum laude*



Sundeep Khanna, CFA Vice President, U.S. Equity Analyst

- Began investment management and financial analysis career in 2005
- BS, The University of Texas at Austin, 2005



Earl Lee, CFA Associate, U.S. Equity Analyst

- Began investment management and financial career in 2012
- MBA, The University of Texas at Austin, 2012
- BS, Purdue University, 2007



William Lee Associate, U.S. Equity Analyst

- Began investment career in 2023
- BA, Vanderbilt University, 2023



Masa Matsumura, PhD Vice President, International Equity Analyst

- Began financial and investment career in 2010
- Joined Vaughan Nelson in 2020
- MBA, The University of Chicago Booth School of Business, 2014
- PhD, University of Alabama at Birmingham, 2007
- MS, University of Alabama at Birmingham, 2005
- BS, University of Alabama at Birmingham, 2001



Zhongjie (Matt) Wang Associate, International Equity Analyst

- Began financial analysis career in 2019
- MBA, Northwest University, 2022
- BA, University of Manitoba, 2016

MACRO AND FACTOR ANALYSIS



Isabelle Long Associate, Portfolio and Risk Analysis

- Began portfolio and risk analysis career in 2022
- BS, Texas A&M University, 2022



William Wojciechowski, PhD Chief Risk Officer Portfolio and Risk Analysis

- Began investment management and financial analysis career in 2001
- PhD, Rice University, 2001
- MA, Rice University, 1999
- MS, West Virginia University, 1996
- BS, Carnegie Mellon University, 1992

ABOUT VAUGHAN NELSON

Vaughan Nelson Investment Management specializes in value equity investing with a focus on a targeted return. The firm employs a bottom-up, fundamental research process that seeks to capitalize on information and liquidity inefficiencies in the equity universe. The firm's long-term, consistent investment approach draws on its in-depth research capabilities.

- Headquarters: Houston, Texas
- Founded: 1970
- Firm Assets: \$18.4 Billion*
- Domestic equity, international equity, and fixed income strategies
- 50 employees
- 24 investment team professionals
- 12 Chartered Financial Analyst designations
- 3 PhDs

* Number includes assets where Vaughan Nelson Investment Management does not have full unconditional trading authority. The assets consist of model portfolio relationships with third-party platforms and totaled \$3.1 billion as of 3/31/24.

VAUGHAN NELSON EQUITY STRATEGIES

Global SMID Cap

- Benchmark against the MSCI ACWI SMID Cap NR Index
- Generally 40 to 80 positions

International

- Benchmark against the MSCI ACWI ex USA NR Index
- Generally 25 to 35 positions

Emerging Markets

- Benchmark against the MSCI Emerging Markets NR Index
- Generally 60 to 80 positions

Small Cap Value

- Benchmark against the Russell 2000® Value Index
- Generally 55 to 85 positions

Select

- Benchmark against the S&P 500 Index and Russell 3000® Index
- Generally 20 to 40 positions

Value Opportunity

- Benchmark against the Russell Midcap® Value Index and Russell 2500™ Value Index
- Generally 55 to 75 positions

GLOBAL SMID CAP PORTFOLIO COMPOSITE RETURNS

June 30, 2020 through March 31, 2024

Performance data shown represents past performance and is not a guarantee of, and not indicative of, future results.

Year	Compos. Returns	Compos. Returns	MSCI ACWI SMID Cap Net Index	No. of Ports.	Disp. At EOP	Compos. Assets at EOP	Total Firm Assets (ex. model assets)	Entity Assets**	Std Dev. Compos.	Std Dev. MSCI ACWI SMID Cap Net Index
	Gross	Net			Std. Dev.				3-Yr Anlzd	3-Yr Anlzd
						MM-USD	\$MM-USD	\$MM-USD		
2024 YTD	5.72%	5.49%	4.99%	5 or fewer	N/A	164	15,225	18,351	17.22%	17.87%
2023	19.02%	17.97%	16.02%	5 or fewer	N/A	149	13,811	16,351	17.49%	17.80%
2022	-20.87%	-21.59%	-18.72%	5 or fewer	N/A	112	11,720	13,566	N/A	N/A
2021	29.31%	28.16%	16.24%	5 or fewer	N/A	114	13,490	15,481	N/A	N/A
2020*	35.34%	34.76%	30.41%	5 or fewer	N/A	9	12,690	14,052	N/A	N/A

NOTES AND DISCLOSURES

NOTES:

COMPOSITE DESCRIPTION. This composite is comprised of all fee paying, discretionary Global SMID portfolios in excess of \$1 million under management. Global SMID is defined as a company within the market capitalization range of the MSCI ACWI SMID Cap Net Index at the time of initial purchase. The benchmark is the MSCI ACWI SMID Cap Index. The index is a free-float-adjusted market capitalization index that is designed to measure small and mid cap equity market performance across 23 Developed and 26 Emerging Markets, as defined by MSCI. The index is reported net-of-dividends, which indicates dividends are reinvested after the deduction for withholding taxes, using a tax rate applicable to non-resident institutional investors who do not benefit from double taxation treaties. MSCI is the source and owner of MSCI Index data contained herein. Any further dissemination of the data is strictly prohibited. MSCI is not responsible for any inaccuracy in this presentation. The composite creation and inception date is 6/30/20. **FIRM DEFINITION.** Vaughan Nelson Investment Management ("Vaughan Nelson") is an equity, fixed-income and balanced portfolio investment manager. Vaughan Nelson is defined as an independent investment advisory firm and is affiliated with Natixis Investment Managers, LLC. **FEES.** Global SMID Cap Fee Schedule: .90% on the first \$10 million, .85% on the next \$15 million, .80% on the next \$25 million, .75% on the next \$50 million, .65% on amounts over \$100 million. **OTHER NOTES.** Performance results are presented before management fees. Results for the full historical period are time-weighted. Accounts have been valued daily and portfolio returns have been weighted by using beginning-of-month market values plus daily weighted cash flow. The dispersion calculation is based on a dollar-weighted average of gross portfolio returns within the composite for the entire period. The dispersion percent of N/A indicates that the number of portfolios for the entire year were equal to five or fewer or periods of less than one year. The benchmark source is FactSet. The valuation source is Intercontinental Exchange (ICE). Benchmark returns are not covered by the report of independent verifiers.

DISCLOSURES:

BASIS OF PRESENTATION. The attached information and index performance has been developed internally and/or obtained from sources, which Vaughan Nelson believes to be reliable; however, Vaughan Nelson does not guarantee the accuracy, adequacy or completeness of such information, nor does it guarantee the appropriateness of any strategy referred to for any particular investor. This document is provided for informational purposes only and should not be construed as advice or a recommendation for purchase or sale of securities. Past performance is not indicative of future results. The strategy is managed by James Eisenman, Marco Priani, Kevin Ross, and Chris Wallis from 6/30/20. **COMPOSITE NOTES.** The composite for each investment strategy has specific criteria in terms of minimum portfolio size, tax status, and discretion. Portfolios meeting the stated criteria are added to the composite as of the first full quarter of investment in that composite's style. Similarly, accounts are removed from the composite after the last full quarter of management under the composite style. A list of all composites and pooled fund investment strategies offered by the firm, with a description of each strategy, is available upon request. The composite results portrayed reflect the reinvestment of dividends, capital gains, and other earnings when appropriate. The U.S. dollar is the currency used to express performance. **CALCULATION METHODOLOGY.** The composite performance results are time-weighted total returns net of commissions and transaction costs. Valuations and returns are expressed in U.S. dollars. Vaughan Nelson consistently values all portfolios each month on a trade date basis. Additional information regarding policies for valuing portfolios, calculating performance and preparing GIPS Reports are available upon request. Net-of-fee returns are calculated utilizing the highest annual fee paid by a client in the strategy. This fee is divided by 12 and subtracted from the gross composite return on a monthly basis to calculate monthly net-of-fee returns. Quarterly and annual net-of-fee returns are calculated by geometrically linking these monthly returns. **COMPLIANT STATEMENT.** Vaughan Nelson claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS® Standards. Vaughan Nelson has been independently verified for the periods 12/31/97 through 9/30/23. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. The Global SMID Cap composite has had a performance examination for the periods 6/30/20 to 12/31/22. The verification and performance examination reports are available upon request. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.

Model year-end portfolio totals were as follows: 2023 - \$2.5 billion, 2022 - \$1.8 billion, 2021 - \$2.0 billion, 2020 - \$1.4 billion.

* Partial year return. Inception date of 6/30/20.

** Number includes assets where Vaughan Nelson Investment Management does not have full unconditional trading authority. The assets consist of model portfolio relationships with third-party platforms and totaled \$3.1 billion as of 3/31/24. This information is supplemental to the Global SMID Cap GIPS Report.

