

SMALL CAP VALUE STRATEGY



1Q 2025 Strategy Fact Sheet

Performance (%)

Past performance is no guarantee of future results.

	1Q 2025	1 Year	3 Years	5 Years	7 Years	10 Years	Since 12/31/1999
Portfolio (Gross)	-4.73	-4.95	5.96	19.23	9.46	8.65	13.14
Portfolio (Net)	-4.98	-5.90	4.91	18.06	8.37	7.57	12.04
Russell 2000 Value Index	-7.74	-3.12	0.05	15.31	5.32	6.07	8.54

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

Manager Commentary

Market Overview

U.S. equity markets adopted a bearish tone with the S&P 500 Index and the Russell 2000 Value Index declining 4.27% and 7.74%, respectively. However, the MSCI ACWI ex-USA Index increased 5.23%. Equity markets were pressured by three factors: a declining liquidity environment, repatriation of capital by foreign investors, and the administration's focus on reducing the federal deficit with spending cuts and tariff revenues.

The liquidity environment should improve once the budget reconciliation process is complete, and the debt ceiling is increased. We expect foreign investors to continue to divest from U.S. markets as they focus on local investment initiatives that are being driven by domestic fiscal policy expansion and the rising risk of capital controls. The efforts to reign in excess U.S. deficits will continue to weigh on equity markets and earnings growth, until we reach a point of stable tax and trade policy and begin to see an increase in investment by the private sector. Therefore, we believe equity markets could remain volatile until late 2025 and will remain vigilant of rising risks in economic fundamentals.

Portfolio Positioning

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

Contributors to Performance

During the quarter, the portfolio experienced negative absolute and positive relative performance. Positive relative performance was driven by Industrials, Energy, Consumer Discretionary, Information Technology, Financials, and Communication Services. The largest detractors were Materials, Real Estate, Consumer Staples, Utilities and Health Care.

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

1Q 2025 SMALL CAP VALUE STRATEGY PORTFOLIO

Portfolio Characteristics*

	Portfolio	Russell 2000 Value Index
Number of Holdings	58	1,427
Wtd. Avg. Mkt. Cap (\$B)	5.98	2.78
Price/Book*	1.87	1.19
Est. 3-5 Yr. EPS Growth (%)*	14.43	11.95
P/E NTM*	13.40	11.83
ROA (%)*	5.20	1.30
ROE (%)*	13.45	4.19
Dividend Yield (%)*	2.36	2.34

* Calculated gross-of-fees.
Source: FactSet

Risk Reward*

	Portfolio	Russell 2000 Value Index
Beta	0.86	1.00
Sharpe Ratio	0.82	0.57
Information Ratio	0.56	N/A
R-Squared	0.90	1.00
Standard Deviation (%)	20.11	22.30

* Annualized 5-years ending 3/31/2025; calculated gross-of-fees.
Source: eVestment

Portfolio Sector Weightings (%)* ¹

	Portfolio	Russell 2000 Value Index
Financials	33.23	30.68
Industrials	25.03	12.23
Consumer Discretionary	9.86	8.99
Real Estate	6.38	11.39
Materials	6.24	3.75
Health Care	5.60	8.43
Energy	5.43	6.81
Information Technology	3.75	6.16
Utilities	3.09	5.88
Consumer Staples	1.37	2.54
Communication Services	-	3.15

* Excludes 4.93% cash and 4.71% Russell 2000 Value iShares.
Due to rounding, totals may not equal 100%.

¹ Performance holdings subject to change.
Source: FactSet

Top Ten Holdings* ¹

	% Total Portfolio		% Total Portfolio
Beacon Roofing Supply	3.78	Zions Bancorp NA	2.97
Comerica Inc	3.54	Selective Insurance Group	2.87
Western Alliance Bancorp	3.49	Cullen/Frost Bankers Inc	2.58
First American Financial	3.11	Installed Building Products	2.53
Element Solutions Inc	2.97	Cushman & Wakefield	2.37

* Excludes 4.93% cash and 4.71% Russell 2000 Value iShares.

¹ Performance holdings subject to change.
Source: FactSet

Additions To Portfolio

Coherent Corp.	Eagle Materials Inc.
Federal Signal Corporation	Hanover Insurance Group, Inc.
Integer Holdings Corporation	Onto Innovation, Inc.
Spire Inc.	TriNet Group, Inc.

Source: FactSet

Deletions From Portfolio

Acadia Healthcare Company, Inc.	Alamo Group Inc.
Celestica Inc.	Coty Inc. Class A
Fabrinet	H&E Equipment Services, Inc.
MaxLinear, Inc.	Oshkosh Corp
TransMedics Group, Inc.	United Bankshares, Inc.

Source: FactSet

VAUGHAN NELSON EQUITY TEAM

LEAD PORTFOLIO MANAGER



Chris Wallis, CFA, CPA
CEO and CIO
Senior Portfolio Manager

- 33 years investment management / financial analysis and accounting experience
- MBA, Harvard Business School, 1998
- BBA, Baylor University, 1991

PORTFOLIO MANAGER



James Eisenman, CFA, CPA
Portfolio Manager

- 23 years financial services and accounting experience
- Masters in Accounting, Ohio State University, 2005
- BBA, Ohio State University, 2002, with Honors

ANALYSTS



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

- 11 years financial analysis and accounting experience
- BBA, Baylor University, 2014, *cum laude*



Earl Lee, CFA
Vice President, U.S. Equity Analyst

- 13 years investment management and financial analysis experience
- MBA, The University of Texas at Austin, 2012
- BS, Purdue University, 2007



William Lee
Associate, U.S. Equity Analyst

- 2 years financial analysis experience
- BA, Vanderbilt University, 2023

CIO TEAM



Adam Rich, CFA
Deputy CIO
Portfolio Manager

- 15 years investment management and research experience
- BS, Brigham Young University, 2010

CAPITAL ALLOCATION TEAM



Yash Patil
Junior Associate

- MS, Rice University, 2024
- BT, Vellore Institute of Technology, 2020

RISK TEAM



Sarah Lai
Junior Associate, Portfolio and Risk Analysis

- MS, Rice University, 2024
- BA, The University of Texas at Austin, 2023



Isabelle Long
Associate, Portfolio and Risk Analysis

- 3 years portfolio and risk analysis experience
- MBA, Texas A&M University, 2024
- BS, Texas A&M University, 2022



William Wojciechowski, PhD
Chief Risk Officer, Portfolio and Risk Analysis

- 23 years investment management and financial analysis experience
- 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: \$16.9 Billion*
- Domestic equity, international equity, and fixed income strategies
- 56 employees
- 27 investment team professionals
- 13 Chartered Financial Analyst designations
- 2 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 \$2.7 billion as of 3/31/25.

VAUGHAN NELSON EQUITY STRATEGIES

		Product Assets as of 3/31/25
Small Cap Value	<ul style="list-style-type: none"> • Benchmark against the Russell 2000® Value Index • Generally 55 to 85 positions 	\$4,537 MM
Value Opportunity	<ul style="list-style-type: none"> • Benchmark against the Russell Midcap® Value Index and Russell 2500™ Value Index • Generally 55 to 75 positions 	\$2,183 MM
Select	<ul style="list-style-type: none"> • Benchmark against the S&P 500 Index and Russell 3000® Index • Generally 20 to 40 positions 	\$6,164 MM
Global SMID Cap	<ul style="list-style-type: none"> • Benchmark against the MSCI ACWI SMID Cap NR Index • Generally 40 to 80 positions 	\$195 MM
Emerging Markets	<ul style="list-style-type: none"> • Benchmark against the MSCI Emerging Markets NR Index • Generally 20 to 40 positions 	\$42 MM
International	<ul style="list-style-type: none"> • Benchmark against the MSCI ACWI ex USA NR Index • Generally 25 to 35 positions 	\$28 MM

SMALL CAP VALUE PORTFOLIO COMPOSITE RETURNS

December 31, 1999 through March 31, 2025

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

Year	Compos. Returns	Compos. Returns	R2000V Index	No. of Ports.	Disp. at EOP	Compos. Assets at EOP	Total Firm Assets (ex. model assets)	Entity Assets*	Std Dev. Compos.	Std Dev. R2000V Index
	Gross	Net	PRIM		Std. Dev.	MM-USD	\$MM-USD	\$MM-USD	3-Yr Anlzd	3-Yr Anlzd
2025 YTD	-4.73%	-4.98%	-7.74%	58	N/A	3,312	14,176	16,904	21.26%	23.56%
2024	6.48%	5.42%	8.05%	62	0.18%	3,434	14,791	17,840	20.94%	23.44%
2023	26.55%	25.31%	14.65%	56	0.31%	2,712	13,811	16,351	19.59%	21.75%
2022	-9.09%	-10.01%	-14.48%	61	0.19%	1,909	11,720	13,566	23.96%	27.27%
2021	32.54%	31.26%	28.27%	67	0.26%	2,340	13,490	15,481	21.82%	25.00%
2020	9.82%	8.73%	4.63%	64	1.16%	2,571	12,690	14,052	23.18%	26.12%
2019	25.95%	24.72%	22.39%	72	0.35%	2,712	11,346	13,064	14.18%	15.68%
2018	-13.59%	-14.47%	-12.86%	87	0.38%	2,663	10,078	11,425	14.15%	15.76%
2017	7.77%	6.71%	7.84%	101	0.21%	3,780	11,675	13,172	12.78%	13.97%
2016	21.37%	20.18%	31.74%	109	0.86%	3,944	11,572	12,912	13.69%	15.50%
2015	0.99%	-0.01%	-7.47%	102	0.18%	3,135	11,316	12,469	12.12%	13.46%
2014	10.12%	9.02%	4.22%	95	0.16%	3,783	9,943	11,057	10.76%	12.79%
2013	40.39%	39.02%	34.52%	100	0.36%	3,933	9,243	10,258	14.48%	15.82%
2012	16.26%	15.16%	18.05%	96	0.28%	2,902	7,273	8,071	17.60%	19.89%
2011	-2.54%	-3.52%	-5.50%	102	0.19%	2,801	6,876	7,667	20.89%	26.05%
2010	25.20%	23.97%	24.50%	111	0.31%	3,133	7,050	7,965	22.91%	28.37%
2009	30.36%	29.09%	20.58%	93	0.66%	2,491	6,757	7,690	20.31%	25.62%
2008	-21.57%	-22.37%	-28.92%	95	0.52%	1,711	5,761	6,642	16.69%	19.14%
2007	7.31%	6.25%	-9.78%	109	0.29%	1,840	6,637	8,176	10.68%	12.59%
2006	20.00%	18.82%	23.48%	35	0.47%	580	5,218	6,711	11.26%	12.33%
2005	11.81%	10.71%	4.71%	23	0.31%	234	4,120	4,688	14.60%	14.09%
2004	20.11%	18.93%	22.25%	12	0.12%	73	3,446	3,617	18.12%	17.51%
2003	53.27%	51.79%	46.03%	9	0.29%	61	3,246	3,274	19.57%	18.42%
2002	-6.80%	-7.74%	-11.43%	Fewer than 5	N/A	7	3,470	3,471	20.42%	17.39%
2001	5.93%	4.99%	14.03%	Fewer than 5	N/A	8	N/A	4,247	18.37%	14.65%
2000	57.55%	56.65%	22.83%	Fewer than 5	N/A	7	N/A	3,955	19.81%	16.61%

NOTES AND DISCLOSURES

NOTES

COMPOSITE DESCRIPTION. This composite is comprised of all fee paying, discretionary Small Capitalization Value portfolios in excess of \$1 million under management. Small Capitalization is defined as a company within the market capitalization range of Russell 2000® Value Index. The benchmark is the Russell 2000® Value Index. The Russell 2000® Value Index measures the performance of small-cap value segment of the U.S. equity universe. It includes those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values. The Russell 2000® Value Index is constructed to provide a comprehensive and unbiased barometer for the small-cap value segment. The Index is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true small-cap opportunity set and that the represented companies continue to reflect value characteristics. Frank Russell Company ("Russell") is the source and owner of Russell Index data contained herein. Any further dissemination of the data is strictly prohibited. Russell is not responsible for any inaccuracy in this presentation. The composite creation and inception date is April 1997. **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 Natisis Investment Managers, LLC. **FEES.** Small Capitalization Value Fee Schedule: 1.00% on the first \$25 million, .85% on the next \$25 million, .75% on the remainder. **OTHER NOTES.** 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 portfolios 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 Chris Wallis and Jim Eisenman from 3/31/22; Chris Wallis, Scott Weber, Dennis Alff, and Chad Fargason from 9/30/13; Chris Wallis and Scott Weber from 6/30/04; Chris Wallis since 1999. **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 three-year annualized standard deviation measures the variability of the composite (using gross-of-fee returns, and the benchmark returns over the preceding 36-month period. **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. No composite accounts hold foreign denominated securities. 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 12/31/24. 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 Small Cap Value composite has had a performance examination for the periods 1/1/98 to 12/31/24. 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: 2024 - \$3.0 billion, 2023 - \$2.5 billion, 2022 - \$1.8 billion, 2021 - \$2.0 billion, 2020 - \$1.4 billion, 2019 - \$1.7 billion, 2018 - \$1.3 billion; 2017 - \$1.5 billion; 2016 - \$1.3 billion, 2015 - \$1.2 billion, 2014 - \$1.1 billion, 2013 - \$1.0 billion.

* 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 \$2.7 billion as of 3/31/25. This information is supplemental to the Small Cap Value GIPS Report.