

# VALUE OPPORTUNITY 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 6/30/2006
Portfolio (Gross)	-4.34	2.47	8.13	18.27	9.74	7.65	9.55
Portfolio (Net)	-4.55	1.60	7.22	17.28	8.81	6.74	8.60
Russell Midcap Value Index	-2.11	2.27	3.78	16.70	7.78	7.62	8.17
Russell 2500 Value Index	-5.83	-1.47	2.27	16.65	6.66	6.84	7.20

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, Utilities, Consumer Discretionary, Consumer Staples, and Financials, while underweight Health Care, Real Estate, Materials, Communication Services, Energy, and Information Technology.

#### Contributors to Performance

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

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

# 1Q 2025 VALUE OPPORTUNITY STRATEGY PORTFOLIO

## Portfolio Characteristics\*

	Portfolio	Russell Midcap Value Index	Russell 2500 Value Index
Number of Holdings	63	712	1,874
Wtd. Avg. Mkt. Cap (\$B)	27.32	25.58	8.10
Price/Book*	2.92	2.25	1.69
Est. 3-5 Yr. EPS Growth (%)*	10.72	9.08	10.96
P/E NTM*	17.95	15.26	13.42
ROA (%)*	8.01	6.24	4.43
ROE (%)*	15.93	14.27	10.13
Dividend Yield (%)*	1.43	1.97	1.98

\* Calculated gross-of-fees.  
Source: FactSet

## Risk Reward\*

	Portfolio	Russell Midcap Value Index	Portfolio	Russell 2500 Value Index
Beta	0.94	1.00	0.84	1.00
Sharpe Ratio	0.85	0.75	0.85	0.67
Information Ratio	0.28	N/A	0.23	N/A
R-Squared	0.91	1.00	0.89	1.00
Standard Deviation (%)	18.38	18.76	18.38	20.74

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

## Portfolio Sector Weightings (%)\* <sup>1</sup>

	Portfolio	Russell Midcap Value Index	Russell 2500 Value Index
Industrials	30.48	16.53	17.51
Financials	18.79	18.18	22.46
Utilities	11.53	7.72	4.08
Consumer Discretionary	10.31	8.50	10.84
Information Technology	7.53	8.50	7.75
Consumer Staples	6.76	6.01	3.91
Real Estate	6.10	10.20	10.04
Energy	4.91	6.25	6.09
Materials	2.70	6.69	6.49
Health Care	0.90	7.93	7.12
Communication Services	-	3.48	3.69

\* Excludes 2.04% cash. Due to rounding, totals may not equal 100%.

<sup>1</sup> Performance holdings subject to change.

Source: FactSet

## Top Ten Holdings\* <sup>1</sup>

	% Total Portfolio		% Total Portfolio
EastGroup Properties Inc	4.62	Republic Services Inc	3.29
Alliant Energy Corp	4.24	MSCI Inc	3.11
Tradeweb Markets Inc	3.88	The Allstate Corp	2.73
AutoZone Inc	3.86	Vulcan Materials Co	2.70
Reinsurance Group of	3.30	Kemper Corp	2.51

\* Excludes 2.04% cash.

<sup>1</sup> Performance holdings subject to change.

Source: FactSet

## Additions To Portfolio

Alliant Energy Corporation	American Eagle Outfitters, Inc.
Arthur J. Gallagher & Co.	BJ's Wholesale Club Holdings, Inc.
CMS Energy Corporation	Church & Dwight Co., Inc.
Diamondback Energy, Inc.	Evergy, Inc.
Parker-Hannifin Corporation	Republic Services, Inc.
Rockwell Automation, Inc.	SS&C Technologies Holdings, Inc.
Tradeweb Markets, Inc. Class A	WEC Energy Group Inc
Westinghouse Air Brake Technologies Corporation	

Source: FactSet

## Deletions From Portfolio

Apollo Global Management Inc	Avantor, Inc.
Best Buy Co., Inc.	Bruker Corporation
Builders FirstSource, Inc.	Celestica Inc.
Cushman & Wakefield Plc	DoorDash, Inc. Class A
MongoDB, Inc. Class A	Monolithic Power Systems, Inc.
TFI International Inc.	nVent Electric plc

Source: FactSet

## 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 3/31/2025
<b>Small Cap Value</b>	<ul style="list-style-type: none"> <li>• Benchmark against the Russell 2000® Value Index</li> <li>• Generally 55 to 85 positions</li> </ul>	\$4,537 MM
<b>Value Opportunity</b>	<ul style="list-style-type: none"> <li>• Benchmark against the Russell Midcap® Value Index and Russell 2500™ Value Index</li> <li>• Generally 55 to 75 positions</li> </ul>	\$2,183 MM
<b>Select</b>	<ul style="list-style-type: none"> <li>• Benchmark against the S&amp;P 500 Index and Russell 3000® Index</li> <li>• Generally 20 to 40 positions</li> </ul>	\$6,164 MM
<b>Global SMID Cap</b>	<ul style="list-style-type: none"> <li>• Benchmark against the MSCI ACWI SMID Cap NR Index</li> <li>• Generally 40 to 80 positions</li> </ul>	\$195 MM
<b>Emerging Markets</b>	<ul style="list-style-type: none"> <li>• Benchmark against the MSCI Emerging Markets NR Index</li> <li>• Generally 20 to 40 positions</li> </ul>	\$42 MM
<b>International</b>	<ul style="list-style-type: none"> <li>• Benchmark against the MSCI ACWI ex USA NR Index</li> <li>• Generally 25 to 35 positions</li> </ul>	\$28 MM

## VALUE OPPORTUNITY: GIPS® COMPOSITE, NOTES AND DISCLOSURES

June 30, 2006 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	RMV Index	R2500V Index	No. of Ports.	Disp. at EOP	Compos. Assets at EOP	Total Firm Assets (ex. model assets)	Entity Assets**	Std Dev. Compos.	Std Dev. RMV Index	Std Dev. R2500V Index
	Gross	Net	PRIM	SEC		Std Dev	\$MM-USD	\$MM-USD	\$MM-USD	3-Yr Anlzd	3-Yr Anlzd	3-Yr Anlzd
2025 YTD	-4.34%	-4.55%	-2.11%	-5.83%	18	N/A	1,899	14,176	16,904	18.63%	19.78%	21.83%
2024	19.65%	18.65%	13.07%	10.98%	19	0.30%	2,050	14,791	17,840	18.12%	19.77%	21.63%
2023	17.59%	16.61%	12.71%	15.98%	19	0.09%	1,866	13,811	16,351	16.92%	19.31%	20.70%
2022	-9.34%	-10.11%	-12.03%	-13.08%	20	0.45%	1,597	11,720	13,566	23.36%	24.44%	26.46%
2021	22.40%	21.38%	28.34%	27.78%	20	0.61%	1,958	13,490	15,481	21.18%	21.95%	24.15%
2020	11.86%	10.91%	4.96%	4.88%	23	0.22%	1,676	12,690	14,052	22.82%	22.62%	25.05%
2019	31.98%	30.89%	27.06%	23.56%	24	0.11%	1,695	11,346	13,064	13.33%	12.79%	14.23%
2018	-14.82%	-15.56%	-12.29%	-12.36%	36	0.14%	1,952	10,078	11,425	14.01%	11.96%	13.58%
2017	14.31%	13.33%	13.34%	10.36%	49	0.27%	2,612	11,675	13,172	12.30%	10.32%	11.81%
2016	7.12%	6.22%	20.00%	25.20%	62	0.26%	2,895	11,572	12,912	13.53%	11.30%	13.17%
2015	-2.35%	-3.21%	-4.78%	-5.49%	62	0.24%	2,631	11,316	12,469	12.48%	10.71%	12.02%
2014	12.26%	11.32%	14.75%	7.11%	58	0.58%	1,477	9,943	11,057	11.21%	9.81%	11.25%
2013	43.03%	41.84%	33.46%	33.32%	46	0.39%	965	9,243	10,258	15.65%	13.69%	15.07%
2012	17.56%	16.57%	18.51%	19.21%	41	0.18%	586	7,273	8,071	18.81%	16.76%	18.41%
2011	-2.37%	-3.17%	-1.38%	-3.36%	27	0.17%	433	6,876	7,667	21.46%	22.78%	24.23%
2010	21.92%	20.91%	24.75%	24.82%	19	0.36%	356	7,050	7,965	24.09%	27.11%	26.97%
2009	34.11%	32.87%	34.21%	27.68%	7	0.49%	127	6,757	7,690	21.42%	25.01%	24.61%
2008	-31.33%	-32.01%	-38.44%	-31.99%	7	0.19%	80	5,761	6,642	N/A	N/A	N/A
2007	10.48%	9.39%	-1.42%	-7.27%	6	N/A	90	6,637	8,176	N/A	N/A	N/A
2006*	7.73%	7.20%	12.33%	11.62%	Fewer than 5	N/A	18	5,218	6,711	N/A	N/A	N/A

See next page for Value Opportunity GIPS® Notes and Disclosures.

## VALUE OPPORTUNITY: GIPS® COMPOSITE, NOTES AND DISCLOSURES

June 30, 2006 through March 31, 2025

### NOTES

**COMPOSITE DESCRIPTION.** This composite is comprised of all fee paying, discretionary Value Opportunity portfolios with a minimum of \$1 million under management. Value Opportunity is defined as a security having a market capitalization within the capitalization range of \$1 billion to \$20 billion at time of initial purchase. The primary benchmark is the Russell Midcap® Value Index. The Russell Midcap® Value Index measures the performance of the mid-cap value segment of the U.S. equity universe. It includes those Russell Midcap® Index companies with lower price-to-book ratios and lower forecasted growth values. The Russell Midcap® Value Index is constructed to provide a comprehensive and unbiased barometer of the mid-cap value market. The Index is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true mid-cap value market. The secondary benchmark is Russell 2500® Value Index. The Russell 2500® Value Index measures the performance of the small to mid-cap value segment of the U.S. equity universe. It includes those Russell 2500® companies with lower price-to-book ratios and lower forecasted growth values. The Russell 2500® Value Index is constructed to provide a comprehensive and unbiased barometer of the small to mid-cap value market. The Index is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true small to mid-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. Composite creation and inception date is June 2006. **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. **FEES.** Value Opportunity Fee Schedule: .85% on the first \$10 million, .75% on the next \$15 million, .70% on the next \$25 million, .65% on assets over \$50 million. **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 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 Dennis Alf, Sundeep Khanna, and Chris Wallis from 12/31/24, Dennis Alf, Chad Fargason, and Chris Wallis from 12/31/18; Dennis Alf, Chad Fargason, Chris Wallis, and Scott Weber from 9/30/13; and Dennis Alf, Chris Wallis, and Scott Weber since 6/30/06. **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 the GIPS Report 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 Value Opportunity composite has had a performance examination for the periods 7/1/06 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.

\* Partial year return. Inception date of 6/30/06.

\*\* 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 Value Opportunity GIPS Report.