

EMERGING MARKETS STRATEGY



4Q 2024 Strategy Fact Sheet

Performance (%)

Past performance is no guarantee of future results.

	4Q 2024	1 Year	3 Years	5 Years	7 Years	10 Years
Portfolio (Gross)	-4.52	-0.48	1.70	5.84	2.51	4.79
Portfolio (Net)	-4.79	-1.57	0.59	4.68	1.34	3.54
MSCI Emerging Markets Index Net	-8.01	N/A	N/A	N/A	N/A	N/A
MSCI Emerging Markets SMID Cap Index Net	N/A	3.18	0.47	5.42	3.02	4.42

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

Manager Commentary

Market Overview

The most notable event from the past quarter was the reelection of Donald Trump in November supporting strong upward movement in the U.S. equity markets and the US Dollar. The December meeting of the Federal Reserve, where the bank cut rates by a further 25bps to 4.25%-4.5%, came with a relatively hawkish message and increasing uncertainty about further rate cuts in 2025. The impact from tariffs and restrictions on immigration being discussed by the new administration introduces a new layer of uncertainty for the path of inflation this year.

The strong U.S. Dollar and geopolitical uncertainties caused most Emerging Market countries to decline during 4Q24. One notable standout continues to be Taiwan, which is being supported by strong investment in AI chips and AI servers. The portfolio maintains an overweight position in Taiwan through AI related investments as well as several non-AI technology manufacturers. China announced at its annual Central Economic Work Conference (CEWC) in December a more proactive fiscal policy and moderately loose monetary policy. The meeting also urged policies to vigorously boost consumption and expand domestic demand on all fronts. We expect specific targets and details to be released at the National People's Congress (NPC) meeting in March, which is likely to include similar GDP targets as 2024 at 5% with an increase in the fiscal deficit and targeted consumption stimulus.

Turning to portfolio activities, twelve new companies were added to the portfolio during the quarter. The additions include Undervalued Growth companies in China and Undervalued Asset companies in Latin America in the materials and energy sector. Conversely, we reduced our exposure to South Korea where we saw a slowdown in general technology demand for smartphones/PCs and increasing competition from China players. The impeachment of President Yoon Suk Yeol in December creates additional political uncertainty supporting our underweight position.

Portfolio Positioning

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

Contributors to Performance

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

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

4Q 2024 EMERGING MARKETS STRATEGY PORTFOLIO

Portfolio Characteristics

	Portfolio	MSCI Emerging Markets Index Net
Number of Holdings	38	1,252
P/E NTM	14.14	11.83
Price/Cash Flow	13.32	8.44
Wtd. Avg. Mkt. Cap (\$B)	176.70	169.51
Est. 3-5 Yr. EPS Growth (%)	19.40	15.87
Dividend Yield (%)	1.54	2.58
Net Debt/Equity	-0.07	0.31

Source: FactSet

Risk Reward*

	Portfolio	MSCI Emerging Markets Index Net
Beta	0.92	1.00
Sharpe Ratio	0.18	-0.05
Information Ratio	0.49	N/A
R-Squared	0.80	1.00
Standard Deviation (%)	18.79	18.35

* Annualized 5-years ending 12/31/2024.

Source: eVestment

Top Ten Holdings* 1

	Country	Sector	% of Total Portfolio *
Taiwan Semiconductor Manufacturing Co Ltd	Taiwan	Information Technology	15.02
Tencent Holdings Ltd	China	Communication Services	6.04
Tongcheng Travel Holdings Ltd	China	Consumer Discretionary	4.71
Accton Technology Corp	Taiwan	Information Technology	4.01
Grupo Mexico SAB de CV	Mexico	Materials	3.97
MercadoLibre Inc	Uruguay	Consumer Discretionary	3.77
TechnipFMC PLC	United Kingdom	Energy	3.59
YPF SA	Argentina	Energy	3.09
Haitian International Holdings Ltd	China	Industrials	2.75
PDD Holdings Inc	Ireland	Consumer Discretionary	2.74

* Excludes 5.12% cash.

1 Performance holdings subject to change.

Source: FactSet

Portfolio Sector Weightings (%)* 1

	Portfolio	MSCI Emerging Markets Index Net
Information Technology	33.67	24.25
Consumer Discretionary	17.52	13.12
Communication Services	10.81	9.42
Industrials	8.60	6.59
Financials	8.55	23.73
Energy	8.18	4.56
Materials	5.27	5.71
Real Estate	3.89	1.65
Consumer Staples	3.49	4.79
Health Care	-	3.45
Utilities	-	2.72

* Excludes 5.12% cash. Due to rounding, totals may not equal 100%.

1 Performance holdings subject to change.

Source: FactSet

VAUGHAN NELSON EQUITY TEAM

LEAD PORTFOLIO MANAGER



Adam Rich, CFA
Deputy CIO
Portfolio Manager

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

PORTFOLIO MANAGERS



Marco Priani, CFA, CPA, FRM
Portfolio Manager

- 23 years investment management and financial analysis experience
- 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*



Kevin Ross, CFA
Portfolio Manager

- 18 years investment management and financial analysis experience
- MBA, The University of Chicago Booth School of Business, 2014
- BSBA, Washington University, 2006

ANALYSTS



Zach Buell, CFA
Associate, International Equity

- 7 years investment management and financial analysis experience
- BS, Brigham Young University, 2020, *magna cum laude*



Masa Matsumura, PhD
Vice President, International Equity

- 14 years investment management and financial analysis experience
- 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

- 5 years financial analysis and research experience
- MBA, Northwest University, 2022
- BA, University of Manitoba, 2016

MACRO ANALYSIS



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

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

FACTOR ANALYSIS



Isabelle Long
Associate, Portfolio and Risk Analysis

- 2 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

- 22 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: \$17.8 Billion*
- Domestic equity, international equity, and fixed income strategies
- 53 employees
- 25 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 \$3.0 billion as of 12/31/24.

VAUGHAN NELSON EQUITY STRATEGIES

		Product Assets as of 12/31/2024
Small Cap Value	<ul style="list-style-type: none"> • Benchmark against the Russell 2000[®] Value Index • Generally 55 to 85 positions 	\$4,507 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 	\$2,366 MM
Select	<ul style="list-style-type: none"> • Benchmark against the S&P 500 Index and Russell 3000[®] Index • Generally 20 to 40 positions 	\$6,996 MM
Global SMID Cap	<ul style="list-style-type: none"> • Benchmark against the MSCI ACWI SMID Cap NR Index • Generally 40 to 80 positions 	\$191 MM
Emerging Markets	<ul style="list-style-type: none"> • Benchmark against the MSCI Emerging Markets NR Index • Generally 60 to 80 positions 	\$40 MM
International	<ul style="list-style-type: none"> • Benchmark against the MSCI ACWI ex USA NR Index • Generally 25 to 35 positions 	\$26 MM

EMERGING MARKETS COMPOSITE RETURNS

November 30, 2013 through December 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 EM Net Index	MSCI EM SMID Cap Net Index	No. of Ports.	Disp. at EOP	Compos. Assets at EOP	Ttl. Firm Assets† (ex. Model assets)	Entity Assets**†	Std. Dev. Compos.	Std. Dev. MSCI EM Net Index	Std. Dev. MSCI EM SMID Cap Net Index
	Gross	Net	PRIM	SEC		Std Dev	\$MM-USD	\$MM-USD	\$MM-USD	3-Yr Anlzd	3-Yr Anlzd	3-Yr Anlzd
YTD	-0.48%	-1.57%	7.50%	3.18%	5 or fewer	N/A	40	14,791	17,840	15.59%	17.50%	15.35%
2023	18.51%	17.23%	9.83%	18.58%	5 or fewer	N/A	38	13,811	16,351	15.37%	17.14%	15.44%
2022	-10.81%	-11.79%	-20.09%	-17.11%	5 or fewer	N/A	32	11,720	13,566	21.17%	20.26%	23.11%
2021	12.36%	11.14%	-2.54%	12.33%	5 or fewer	N/A	31	13,490	15,481	20.20%	18.33%	21.37%
2020	12.37%	11.13%	18.31%	14.31%	5 or fewer	N/A	28	12,690	14,052	21.78%	19.61%	22.75%
2019	9.14%	7.77%	18.42%	12.37%	5 or fewer	N/A	25	11,346	13,064	13.39%	14.17%	13.08%
2018	-17.90%	-19.01%	-14.57%	-15.83%	5 or fewer	N/A	129	N/A	N/A	13.97%	14.60%	14.12%
2017	32.34%	30.63%	37.28%	34.53%	5 or fewer	N/A	161	N/A	N/A	13.74%	15.35%	14.53%
2016	11.87%	10.41%	11.18%	3.51%	5 or fewer	N/A	28	N/A	N/A	14.40%	16.07%	14.72%
2015	-9.31%	-10.52%	-14.92%	-10.12%	5 or fewer	N/A	28	N/A	N/A	N/A	N/A	N/A
2014	1.39%	0.07%	-2.19%	-0.87%	5 or fewer	N/A	25	N/A	N/A	N/A	N/A	N/A
2013*	-0.58%	-0.69%	-1.45%	-0.75%	5 or fewer	N/A	12	N/A	N/A	N/A	N/A	N/A

NOTES AND DISCLOSURES

NOTES

COMPOSITE DESCRIPTION. Effective 10/1/2019, this composite is comprised of all fee-paying, discretionary Emerging Markets portfolios in excess of \$1 million under management. Prior to 10/1/19, the composite consisted of all non-restricted, fully discretionary, taxable and tax-exempt accounts which were managed in accordance with the Emerging Markets strategy at Advisory Research, Inc. The Emerging Markets strategy primarily invests in non-U.S. equities and principally in emerging markets. The primary benchmark is the MSCI Emerging Markets Index. The secondary benchmark is the MSCI Emerging Markets SMID Cap Index. The primary benchmark was changed from the MSCI Emerging Markets SMID Cap Index to the MSCI Emerging Markets Index effective 4/1/24. Prior to 4/1/24, the composite was named the Emerging Markets Opportunities composite. The MSCI Emerging Markets Index captures large and mid cap representation across 24 Emerging Markets (EM) countries*. With 1,376 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country. 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 11/30/13. **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.** Emerging Markets Fee Schedule: 1.10% on the first \$25 million, 1.00% on amounts over \$25 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. Effective 4/1/24, the strategy is managed by Adam Rich, Marco Priani, and Kevin Ross. From 11/30/13 to 3/31/24, the strategy was managed by Marco Priani and Kevin Ross. Performance prior to 10/1/19 was generated by Messrs. Priani and Ross while employed by Advisory Research Inc. **COMPOSITE NOTES.** Effective 10/1/2019, 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. 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. Policies for valuing investments, calculating performance, and preparing GIPS® Report 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 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 Emerging Markets has had a performance examination for the periods 11/30/13 through 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. Inception date of 11/30/13.

** 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 \$3.0 billion as of 12/31/24. This information is presented as supplemental information to the Emerging Markets GIPS Report.

† Total Firm Assets and Entity Assets are shown as N/A as the strategy was previously managed at Advisory Research, Inc. These disclosures for the predecessor firm would not be meaningful and, the strategy did not contribute to Vaughan Nelson's assets historically.

