

INTERNATIONAL SMALL CAP STRATEGY



1Q 2022 Strategy Fact Sheet

Performance (%)

	1Q 2022	1 Year	3 Years	5 Years	7 Years	Since 11/30/2013
Portfolio (Gross)	-10.35	-2.23	10.69	9.84	8.16	7.37
Portfolio (Net)	-10.58	-3.20	9.54	8.57	6.87	6.07
MSCI EAFE Small Cap Index	-8.53	-3.63	8.51	7.41	7.30	6.44

All periods longer than 12 months are annualized. Performance data shown represents past performance and is not a guarantee of future results. See disclosures on last page. Source: GPS.

Manager Commentary

Market Overview

The Vaughan Nelson International Small Cap Fund generated a -10.35% absolute return during the first quarter, underperforming the MSCI EAFE Small Cap Index that was -8.53%. The strength of the USD detracted around 200bps. The year commenced negatively for equities, with inflation concerns being a pressure point, leading the market to infer a strong the Central Bank reaction. The Ukrainian by Russia added a major layer of volatility and complexities. The Omicron variant of Covid-19 that dominated headlines at the end of 2021 was less of a concern for most of the investment universe.

The Russia-Ukraine situation changed leadership in the market, with feared scarcity of energy and commodities supporting energy and material sectors and punishing those depending on a strong cyclical outlook. Concerns on cost inflation were piled upon those driven by recent monetary and fiscal expansion, something that did little to alleviate the perspective of materially higher interest rates.

Portfolio Positioning

Given the material associated volatility during the period (in particular the Ukraine invasion), turnover in the portfolio was higher than usual, with 15 additions and 18 exclusions.

We tended to exit companies depending on a strong cyclical outlook or a healthy consumer to perform well. Also, those particularly sensitive to supply chains being well-oiled. We added names that will benefit from a disruption in energy and fertilizer markets. Most of the names added are those with secular tailwinds and can continue to post solid topline and margin irrespective of the economic outlook. Many have been indiscriminately punished due to the fears of higher interest rates. The quality of the overall portfolio improved during the past quarter.

Contributors to Performance

The top performing countries were Sweden, Finland, Austria, and Denmark. The portfolio underperformed in Japan, Australia, France, and Singapore. The portfolio is overweight Industrials and Information Technology while underweight Real Estate, Utilities, Materials, and Financials. The largest country overweights are the United Kingdom, France, Germany, Norway, and Belgium which are offset by underweights to Australia, Sweden, Switzerland, and Japan.

Outlook

Economic activity runs the risk of decelerating further throughout most of the investment universe because of higher interest rates and the impact of inflation (particularly in food and energy) on consumers. One substantive variable for economic activity is the level of boycotting of Russian energy exports by the European Union. So far it extended to coal, which is a minority of Russian exports. It is likely to expand to oil. If it expands to natural gas, the most sensitive due to difficulty of replacing imports, impact on EU GDP in 2023 could be between 2% and 3%.

The tailwinds of reopening exist but are less powerful than headwinds derived from higher interest rates and inflation. Our proven investment philosophy and process that seeks to exploit short-term disruption through informed longer-term views is the tool to lead the ship in the difficult months ahead.

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

1Q 2022 INTERNATIONAL SMALL CAP STRATEGY PORTFOLIO

Model Portfolio Attribution - 1Q 2022 (Gross Returns)

S&P GICS SECTOR	Portfolio			MSCI EAFE Small Cap Index			Variation			Attribution Analysis		
	Avg Wt	Tot Ret	Contrib to Ret	Avg Wt	Tot Ret	Contrib to Ret	Avg Wt	Tot Ret	Contrib to Ret	Selection Effect	Allocation+ Interaction	Total Effect
Communication Services	3.35	-22.91	-0.69	4.51	-10.86	-0.48	-1.16	-12.05	-0.21	-0.57	0.24	-0.33
Consumer Discretionary	10.12	-18.31	-2.10	12.06	-14.66	-1.91	-1.94	-3.65	-0.19	-0.43	0.20	-0.24
Consumer Staples	4.64	-1.52	-0.07	5.83	-6.87	-0.43	-1.18	5.35	0.36	0.30	-0.10	0.20
Energy	-	-	-	1.99	17.29	0.31	-1.99	-17.29	-0.31	-	-0.44	-0.44
Financials	9.95	-9.56	-1.01	11.15	-4.53	-0.50	-1.19	-5.03	-0.51	-0.53	-0.01	-0.53
Health Care	7.74	-13.56	-1.01	6.05	-18.50	-1.18	1.69	4.94	0.17	0.37	-0.10	0.27
Industrials	31.04	-7.27	-2.52	23.32	-8.18	-1.89	7.72	0.91	-0.64	0.21	0.03	0.24
Information Technology	18.05	-11.64	-1.85	10.04	-14.65	-1.54	8.00	3.02	-0.31	0.32	-0.20	0.12
Materials	5.50	-10.71	-0.57	9.65	-1.77	-0.21	-4.15	-8.94	-0.36	-0.82	0.09	-0.74
Real Estate	4.51	-10.51	-0.48	12.28	-5.87	-0.66	-7.77	-4.64	0.18	-0.56	0.13	-0.42
Utilities	-	-	-	3.13	0.46	0.05	-3.13	-0.46	-0.05	-	-0.26	-0.26
Cash	5.09	-0.01	-	-	-	-	5.09	-0.01	-	-	0.28	0.28
Total	100.00	-10.30	-10.30	100.00	-8.45	-8.45	-	-1.85	-1.85	-1.72	-0.13	-1.85

The above information is intended to provide a summary of how Vaughan Nelson's strategy model performed over the referenced period. Client-specific portfolios may differ meaningfully from this summary due to client-directed portfolio constraints that may include, but are not limited to, tax considerations, socially responsible restrictions and sector/position limitations. See additional disclosures on last page. Factset Total Portfolio performance is holdings based and therefore the performance noted in attribution may differ slightly from reported performance. Source: FactSet.

Portfolio Characteristics*

	Portfolio	MSCI EAFE Small Cap Index
Number of Holdings	81	2,363
P/E NTM	12.02	13.43
Price/Cash Flow	3.20	8.75
Wtd. Avg. Mkt. Cap (\$B)	2.21	3.04
Est. 3-5 Yr. EPS Growth (%)	12.15	13.37
Dividend Yield (%)	1.77	2.44
Net Debt/Equity	0.45	0.46

* This information is provided as supplemental to the International Small Cap GIPS Report. Source: FactSet

Risk Reward*

	Portfolio	MSCI EAFE Small Cap Index
Beta	0.97	1.00
Sharpe Ratio	0.52	0.37
Information Ratio	0.78	N/A
R-Squared	0.97	1.00
Standard Deviation (%)	16.71	17.01

* Annualized 5-years ending 3/31/2022. This information is provided as supplemental to the International Small Cap GIPS Report. Source: eVestment

Top Ten Holdings*¹

	Country	Sector	% of Total Portfolio *
Marlowe PLC	United Kingdom	Industrials	2.36
Aker ASA	Norway	Industrials	1.96
Fujitec Co Ltd	Japan	Industrials	1.94
Ebro Foods SA	Spain	Consumer Staples	1.88
Alliance Pharma PLC	United Kingdom	Health Care	1.86
Befesa SA	Germany	Industrials	1.71
Atea ASA	Norway	Information Technology	1.66
Sopra Steria Group SACA	France	Information Technology	1.64
Eurazeo SE	France	Financials	1.62
Restore PLC	United Kingdom	Industrials	1.60

¹ This information is provided as supplemental to the International Small Cap GIPS Report.

* Excludes 4.40% cash. Source: FactSet

Portfolio Sector Weightings (%)*¹

	Portfolio	MSCI EAFE Small Cap Index
Industrials	30.88	22.98
Information Technology	20.61	10.03
Consumer Discretionary	9.78	11.50
Financials	9.22	11.22
Health Care	8.05	6.08
Materials	7.10	9.79
Consumer Staples	5.08	5.74
Communication Services	4.72	4.49
Real Estate	4.56	12.64
Energy	-	2.23
Utilities	-	3.29

* Excludes 4.40% cash. Due to rounding, totals may not equal 100%.

¹ Performance holdings subject to change. This information is provided as supplemental to the International Small Cap GIPS Report. Source: FactSet

Portfolio Geographic Weightings (%)*

	Portfolio	MSCI EAFE Small Cap Index
Europe ex. UK	33.18	24.72
United Kingdom	27.47	16.93
Japan	25.53	26.94
Nordic	8.96	12.33
Asia/Pacific ex. Japan	4.87	15.61
Other	-	2.53
United States	-	0.93

* This information is provided as supplemental to the International Small Cap GIPS Report. Excludes 4.40% cash. Source: FactSet

VAUGHAN NELSON INTERNATIONAL SMALL CAP EQUITY TEAM

PORTFOLIO MANAGERS



Marco Priani, CFA, CPA, FRM
Senior Portfolio Manager

- Began his 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*



Kevin Ross, CFA
Senior Portfolio Manager

- Began his 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

INTERNATIONAL RESEARCH



Masa Matsumura, Ph.D.
Vice President

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

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: \$14.7 Billion*
- Domestic equity, international equity, and fixed income strategies
- 51 employees
- 19 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 \$2.0 billion as of 3/31/22.*

VAUGHAN NELSON EQUITY STRATEGIES

Select	<ul style="list-style-type: none">• Benchmark against the Russell 3000® Index and S&P 500 Index• Generally 20 to 40 positions
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
Small Cap Value	<ul style="list-style-type: none">• Benchmark against the Russell 2000® Value Index• Generally 55 to 85 positions
International Small Cap	<ul style="list-style-type: none">• Benchmark against the MSCI EAFE Small Cap Index• Generally 60 to 80 positions
Emerging Markets	<ul style="list-style-type: none">• Benchmark against the MSCI Emerging Markets SMID Index• Generally 60 to 80 positions
Global SMID Cap	<ul style="list-style-type: none">• Benchmark against the MSCI ACWI SMID Cap Index• Generally 40 to 80 positions

OUR MISSION

To provide for the **financial wellbeing**
of our **clients** and **employees**
through **superior performance** consistent
with our values.

INTERNATIONAL SMALL CAP COMPOSITE RETURNS (11/30/13 - 3/31/2022)

Year	Compos. (Gross)	Compos. (Net)	Bnchmrk	Number of Ports.	Dispersion at End-of-Period (Std Dev)	Composite Assets at End-of-Period (\$MM-USD)	Total Firm Assets† (ex. model assets) (\$MM-USD)	Entity Assets**† (\$MM-USD)	Std Dev. Composite (3-Yr Annlzd)	Std Dev. Benchmark (3-Yr Annlzd)
YTD 2022	-10.35%	-10.58%	-8.53%	5 or fewer	N/A	53	12,763	14,728	18.75%	19.43%
2021	13.98%	12.49%	10.10%	5 or fewer	N/A	40	13,490	15,481	18.44%	19.19%
2020	17.09%	15.54%	12.34%	5 or fewer	N/A	36	12,690	14,052	19.76%	20.27%
2019	25.39%	23.76%	24.96%	5 or fewer	N/A	27	11,346	13,064	12.48%	11.89%
2018	-14.86%	-16.01%	-17.89%	5 or fewer	N/A	28	N/A	N/A	12.48%	12.86%
2017	32.02%	30.31%	33.01%	5 or fewer	N/A	36	N/A	N/A	10.89%	11.60%
2016	6.54%	5.15%	2.18%	5 or fewer	N/A	486	N/A	N/A	11.28%	12.12%
2015	0.19%	-1.14%	9.59%	5 or fewer	N/A	672	N/A	N/A	N/A	N/A
2014	-1.28%	-2.57%	-4.95%	5 or fewer	N/A	481	N/A	N/A	N/A	N/A
2013*	1.81%	1.71%	2.34%	5 or fewer	N/A	476	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 International Small Capitalization 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 International Small Capitalization Value strategy at Advisory Research, Inc. Effective 10/1/19, the strategy name was changed to International Small Capitalization in order to appropriately reflect the characteristics of the strategy. The International Small Capitalization strategy primarily invests in non-U.S. equities and principally in developed markets with a market capitalization generally within the range of the MSCI EAFE Small Cap Index (Europe, Australasia, Far East). The index is a free-float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding U.S. and Canada. 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 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.** International Small Capitalization Fee Schedule: 1.00% on the first \$25 million, .85% on the next \$75 million, .80% on the remainder. **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 Marco Priani and Kevin Ross from 11/30/13. 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. **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 12/31/21. 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 International Small Cap composite has had a performance examination for the periods 11/30/13 to 12/31/21. 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: 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.

** 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 \$2.0 billion as of 3/31/22. This information is supplemental to the International Small Cap 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.