

SMALL CAP VALUE STRATEGY



1Q 2022 Strategy Fact Sheet

Performance (%)

	1Q 2022	1 Year	3 Years	5 Years	7 Years	10 Years	Since 12/31/1999
Portfolio (Gross)	-1.91	14.89	15.97	10.68	9.82	12.66	14.14
Portfolio (Net)	-2.16	13.76	14.83	9.59	8.73	11.55	13.04
Russell 2000 Value Index	-2.40	3.32	12.72	8.57	8.77	10.54	9.74

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

U.S. equity markets declined modestly in the first quarter with the S&P 500 falling 4.6% and the Russell 2000 Value falling 2.40%. International equity markets also declined with the MSCI EAFE decreasing 8.5%. The Bloomberg Aggregate Index finished the quarter down 5.9%. The ICE BofA AAA-A Municipal Index declined 4.4% in the quarter. Capital market performance during the quarter was dominated by Russia's invasion of Ukraine and NATO's sharp response. These events further supported inflationary pressures and are an additional weight to future economic growth. We continue to expect economic growth to slow materially over the next several quarters. Even with the added cost pressures from the invasion of Ukraine, inflation will remain elevated relative to recent history but should ease as we move through 2022.

During the quarter, the Federal Reserve raised the Fed Funds rate by 25 basis points, kicking off the first Fed hiking cycle since 2018. The current high inflation environment has thus far proven to be stickier than expected and, coupled with the unemployment rate at 3.5%, the market is forecasting at least eight more 25 basis points Fed Fund hikes in 2022. We expect the U.S. Federal Reserve to end quantitative easing and continue raising interest rates although the economic slowdown will likely force a pause in rate hikes much sooner than current market participants expect. With inflation elevated, the cost of capital rising, liquidity conditions deteriorating, and earnings estimates set for negative revisions, we anticipate heightened equity market volatility and downside risks over the near term.

Investors should understand the conflict in Ukraine is a larger geopolitical confrontation between world powers that is going to accelerate the restructuring of the current U.S. dollar reserve based monetary framework that has been in place since Nixon closed the gold window in the early 1970's. Over the last five years, pressure has been building to modify the current system. Russia and China weaponizing the commodity markets and global supply chains is the final straw to force a change. Such a restructuring will necessitate material shifts in global trade, cost of and access to capital, and geopolitical alliances. We have been studying and monitoring these shifts for several years and feel comfortable that we understand the forces at play and will be able to respond appropriately as political and policy choices are implemented.

Portfolio Positioning

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

Contributors to Performance

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

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

1Q 2022 SMALL CAP VALUE STRATEGY PORTFOLIO

Model Portfolio Attribution - 1Q 2022 (Gross Returns)

S&P GICS SECTOR	Portfolio			Russell 2000 Value 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	3.21	14.46	0.41	3.37	-2.87	-0.09	-0.16	17.33	0.50	0.56	-0.07	0.49
Consumer Discretionary	7.47	-19.95	-1.59	7.59	-14.20	-1.15	-0.13	-5.75	-0.44	-0.38	-0.06	-0.44
Consumer Staples	4.62	-2.69	-0.43	3.00	-3.74	-0.12	1.62	1.05	-0.31	0.05	-0.17	-0.12
Energy	5.40	56.78	2.50	8.11	43.41	2.90	-2.71	13.38	-0.40	0.85	-1.32	-0.47
Financials	15.00	-5.58	-0.76	27.05	-5.40	-1.60	-12.05	-0.18	0.84	-0.03	0.56	0.53
Health Care	8.47	-6.73	-0.49	9.17	-13.26	-1.30	-0.69	6.53	0.81	0.64	0.09	0.73
Industrials	24.49	-4.58	-1.16	15.16	-2.76	-0.38	9.33	-1.81	-0.78	-0.27	-0.18	-0.45
Information Technology	16.64	-4.46	-0.77	5.44	-8.81	-0.49	11.20	4.35	-0.28	0.26	-0.24	0.02
Materials	7.67	-0.18	0.02	4.48	-3.35	-0.17	3.20	3.17	0.20	0.15	0.10	0.24
Real Estate	-	-	-	11.27	-2.31	-0.27	-11.27	2.31	0.27	-	-0.02	-0.02
Utilities	2.91	11.96	0.36	5.10	4.00	0.24	-2.19	7.96	0.12	0.38	-0.33	0.05
Cash	4.12	0.07	-	-	-	-	4.12	0.07	-	-	-0.01	-0.01
Total	100.00	-1.91	-1.91	100.00	-2.43	-2.43	-	0.52	0.52	2.20	-1.68	0.52

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*

	F	Russell 2000 Value Index
Number of Holdings	66	1,436
Wtd. Avg. Mkt. Cap (\$B)	6.35	3.11
Price/Book	2.46	1.52
Est. 3-5 Yr. EPS Growth (%)	13.24	13.81
P/E NTM	13.14	11.91
ROA (%)	7.08	3.01
ROE (%)	16.51	8.06
Dividend Yield (%)	1.01	1.70

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

Risk Reward*

	Portfolio	Russell 2000 Value Index
Beta	0.85	1.00
Sharpe Ratio	0.50	0.34
Information Ratio	0.34	N/A
R-Squared	0.92	1.00
Standard Deviation (%)	19.32	21.74

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

Portfolio Sector Weightings (%)¹

	Portfolio	Russell 2000 Value Index
Industrials	26.08	15.32
Information Technology	18.36	5.43
Financials	14.06	25.63
Health Care	8.59	8.83
Energy	7.94	9.58
Materials	7.81	4.35
Consumer Discretionary	6.94	7.08
Utilities	3.71	5.40
Communication Services	3.54	3.61
Consumer Staples	2.99	3.04
Real Estate	-	11.73

* Excludes 7.11% cash. Due to rounding, totals may not equal 100%.

¹ This information is provided as supplemental to the Small Cap Value GIPS Report. Source: FactSet

Top Ten Holdings*¹

	% Total Portfolio	% Total Portfolio	
Insight Enterprises Inc	3.85	Molina Healthcare Inc	2.63
ExlService Holdings Inc	3.56	GATX Corp	2.61
Element Solutions Inc	3.48	The Chemours Co	2.40
ASGN Inc	2.67	II-VI Inc	2.21
Syneos Health Inc	2.64	FTI Consulting Inc	2.19

* Excludes 7.11% cash.

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

Additions To Portfolio

Core & Main, Inc. Class A	Kirby Corporation
Maravai LifeSciences Holdings Inc Class A	Rambus Inc.
Watts Water Technologies, Inc. Class A	

Source: FactSet

Deletions From Portfolio

Builders FirstSource, Inc.	CMC Materials, Inc.
Emergent BioSolutions Inc.	Gibraltar Industries, Inc.
UniFirst Corporation	

Source: FactSet

VAUGHAN NELSON SMALL CAP VALUE EQUITY TEAM

PORTFOLIO MANAGERS



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

- Began his financial and investment career in 1991
- Joined Vaughan Nelson in 1999
- MBA, Harvard Business School, 1998
- BBA, Baylor University, 1991



Stephen Davis, CFA
Portfolio Manager

- Began his investment career in 2005
- Joined Vaughan Nelson in 2010
- BA, Rice University, 2005, *cum laude*



James Eisenman, CFA, CPA
Portfolio Manager

- Began his 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

DOMESTIC RESEARCH



Benjamin Carrier, CFA
Associate

- Began financial and investment career in 2014
- Joined Vaughan Nelson in 2016
- BBA, Baylor University, 2014, *cum laude*



Tyler Fry, CFA
Associate

- Began investment career in 2014
- Joined Vaughan Nelson in 2016
- BBA, Southern Methodist University, 2014
- BS, Southern Methodist University, 2014



Sundeep Khanna, CFA
Vice President

- Began investment career in 2005
- Joined Vaughan Nelson in 2020
- BS, The University of Texas, 2005



Adam Rich, CFA
Vice President

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



Corrine Richter
Associate

- Began financial and investment career in 2021
- Joined Vaughan Nelson in 2021
- MSA, Brigham Young University, 2021

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.

SMALL CAP VALUE PORTFOLIO COMPOSITE RETURNS (12/31/1999 - 3/31/2022)

Year	Compos. (Gross)	Compos. (Net)	Primry Bnchmrk	No. of Ports.	Disp. At EOP (Std. Dev.)	Compos. Assets at EOP (MM-USD)	Total Firm Assets (ex. model assets) (\$MM-USD)	Entity Assets** (\$MM-USD)	Std Dev. Compos. (3-Yr Anlzd)	Std Dev. Compos. (3-Yr Anlzd)
YTD 2022	-1.91%	-2.16%	-2.40%	64	N/A	2,215	12,763	14,728	21.35%	24.59%
2021	32.54%	31.26%	28.27%	67	0.26	2,340	13,490	15,481	21.82%	25.00%
2020	9.82%	8.60%	4.63%	64	1.16	2,571	12,690	14,052	23.18%	26.12%
2019	25.95%	24.64%	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%	-3.48%	-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 Natixis 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 Stephen Davis from 12/31/18; Chris Wallis, Scott Weber, Dennis Alff and Chad Fargason from 9/30/13; and Chris Wallis and Scott Weber from 6/30/04; and 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. **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 12/31/21. 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 Select composite has had a performance examination for the periods 1/1/98 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, 2012 - \$798 million, 2011 - \$791 million, 2010 - \$915 million, 2009 - \$933 million, 2008 - \$881 million, 2007 - \$539 million, 2006 - \$1,493, 2005 - \$568 million, 2004 - \$171 million, 2003 - \$28 million, 2002 - \$1 million.

* 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 Small Cap Value GIPS Report.
Source: FactSet

