

EMERGING MARKETS OPPORTUNITIES STRATEGY



2Q 2022 Strategy Fact Sheet

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

	2Q 2022	YTD	1 Year	3 Years	5 Years	7 Years	Since 11/30/2013
Portfolio (Gross)	-12.97	-15.45	-18.66	3.09	1.78	3.39	3.05
Portfolio (Net)	-13.22	-15.93	-19.57	1.95	0.56	2.12	1.77
MSCI EM SMID Cap Net Index	-14.92	-18.65	-21.43	2.93	2.56	2.28	2.31

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

Global equity markets declined during 2Q as risk assets were pressured by accelerating inflation in developed markets, decelerating global economic growth, and tightening financial conditions. Inflationary pressures moved from goods to services, labor, and housing. We expect inflation to ease in 2H but remain elevated in the US and Europe. Capital markets are signaling the potential for a recession evidenced by the rapid decline in commodity prices, flattening yield curves, widening credit spreads, and negative earnings revisions.

On the positive side, outperformance from China and Hong Kong supported by low inflation, accommodative fiscal and monetary policies, and an end to the lockdowns in Shanghai in early June. Core inflation in China was running below 2%, providing room for the Central and Local Governments to be accommodative compared to developed markets.

Portfolio Positioning

As a result of buys, sells, and market action, our weightings in Hong Kong, China, the Netherlands, and Indonesia increased during the quarter while weightings in South Korea, Taiwan, Philippines, and Brazil decreased.

From a sector perspective, our weightings in Communication Services, Financials, and Consumer Staples increased during the quarter while Materials, Real Estate, and Industrials decreased.

Contributors to Performance

The Vaughan Nelson EM SMID portfolio declined by 12.97% compared to the EM SMID benchmark decline of 14.92%. The best performing countries (total effect) were India, Indonesia, Hong Kong, and South Africa. The portfolio underperformed in Germany, Philippines, and China. The portfolio is overweight Information Technology, Consumer Discretionary, Real Estate, and Energy while underweight to Materials, Financials, and Healthcare.

Outlook

While the short-term path over the next 12 months is uncertain due to elevated levels of inflation and slowing economic activity, we have strong conviction in the asymmetric payoffs of the names in the portfolios on a medium-term multi-year time horizon. The widely diverging country, sector, and security level performance suggests it should be an advantageous environment for active managers. We added several companies with structural growth opportunities that have strong competitive positions allowing them to maintain or expand margins in the current inflationary environment. We also expect to pursue category B companies (undervalued asset) priced for recessionary conditions in markets where we see improving economic prospects such as China and Hong Kong.

We believe that the winter is a possible point of potential positive catalysts. There will be better visibility on the natural gas situation and pricing in Europe. The scarcities plaguing supply chains are likely to subside driven by better availability and lower economic activity. In the US, headline inflation is likely to have peaked and a Fed pivot should be within sight.

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

2Q 2022 EMERGING MARKETS OPPORTUNITIES STRATEGY PORTFOLIO

Model Portfolio Attribution - 2Q 2022 (Gross Returns)

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

S&P GICS SECTOR	Portfolio			MSCI EM SMID Cap Net 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	3.42	3.84	0.14	4.56	-19.12	-0.90	-1.14	22.96	1.04	1.01	-0.20	0.81
Consumer Discretionary	12.25	-2.42	-0.32	11.53	-10.84	-1.18	0.72	8.42	0.86	0.93	0.03	0.96
Consumer Staples	6.47	-5.78	-0.36	7.31	-12.04	-0.84	-0.84	6.26	0.48	0.47	-0.10	0.37
Energy	4.31	-4.66	-0.25	3.39	-4.55	-0.19	0.92	-0.11	-0.07	-	0.08	0.08
Financials	8.67	-13.28	-1.15	13.55	-17.35	-2.43	-4.88	4.07	1.28	0.59	-0.11	0.48
Health Care	6.32	-8.13	-0.46	7.26	-12.13	-0.80	-0.94	4.00	0.34	0.28	-0.10	0.18
Industrials	16.31	-22.37	-3.81	15.01	-10.87	-1.59	1.31	-11.50	-2.22	-1.78	-0.10	-1.88
Information Technology	22.80	-19.20	-4.54	15.57	-21.72	-3.53	7.23	2.53	-1.01	0.41	-0.34	0.07
Materials	6.47	-23.19	-1.45	12.07	-18.43	-2.28	-5.60	-4.76	0.83	-0.56	0.55	-0.01
Real Estate	7.34	-10.94	-0.82	5.85	-13.31	-0.78	1.49	2.37	-0.04	0.14	0.07	0.21
Utilities	2.79	-2.67	-0.06	3.91	-10.88	-0.40	-1.12	8.21	0.34	0.31	-0.13	0.18
Cash	2.85	-0.46	-0.01	-	-	-	2.85	-0.46	-0.01	-	0.37	0.37
Total	100.00	-13.08	-13.08	100.00	-14.92	-14.92	-	1.83	1.83	1.80	0.04	1.83

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 EM SMID Cap Net Index
Number of Holdings	84	2,520
P/E NTM	9.81	10.13
Price/Cash Flow	7.10	6.09
Wtd. Avg. Mkt. Cap (\$B)	3.93	3.39
Est. 3-5 Yr. EPS Growth (%)	13.60	16.87
Dividend Yield (%)	2.80	3.02
Net Debt/Equity	0.53	0.49

* This information is provided as supplemental to the Emerging Markets Opportunities GIPS Report. Source: FactSet

Risk Reward*

	Portfolio	MSCI EM SMID Cap Net Index
Beta	0.92	1.00
Sharpe Ratio	0.04	0.08
Information Ratio	-0.16	N/A
R-Squared	0.93	1.00
Standard Deviation (%)	18.39	19.22

* Annualized 5-years ending 6/30/2022. This information is provided as supplemental to the Emerging Markets Opportunities GIPS Report. Source: eVestment

Top Ten Holdings*¹

	Country	Sector	% of Total Portfolio *
Samsonite International SA	Hong Kong	Consumer Discretionary	1.84
ENN Natural Gas Co Ltd	China	Utilities	1.81
Genomma Lab Internacional	Mexico	Health Care	1.78
WH Group Ltd	Hong Kong	Consumer Staples	1.75
SIS Ltd	India	Industrials	1.73
Mahindra & Mahindra Ltd	India	Consumer Discretionary	1.72
Mitra Adiperkasa Tbk PT	Indonesia	Consumer Discretionary	1.71
Chroma ATE Inc	Taiwan	Information Technology	1.61
Fairfax India Holdings Corp	Canada	Financials	1.61
DataTec Ltd	South Africa	Information Technology	1.57

* This information is provided as supplemental to the Emerging Markets Opportunities GIPS Report. Excludes 2.76% cash. Source: FactSet

Portfolio Sector Weightings (%)^{* 1}

	Portfolio	MSCI EM SMID Cap Net Index
Information Technology	23.90	15.14
Industrials	15.96	15.02
Consumer Discretionary	13.76	12.18
Financials	9.09	13.33
Real Estate	7.04	5.71
Health Care	6.76	7.97
Consumer Staples	6.56	7.19
Materials	5.29	11.38
Communication Services	4.55	4.68
Energy	4.23	3.46
Utilities	2.88	3.93

* Excludes 2.76% cash. Due to rounding, totals may not equal 100%.

¹ Performance holdings subject to change. This information is provided as supplemental to the Emerging Markets Opportunities GIPS Report. Source: FactSet

Portfolio Geographic Weightings (%)^{*}

	Portfolio	MSCI EM SMID Cap Net Index
China/Hong Kong	19.01	16.84
India	17.51	16.16
Taiwan	12.37	17.35
South Korea	12.37	12.18
Europe	6.63	4.04
Brazil	6.29	5.83
Other Africa	5.89	5.47
Mexico	5.20	2.37
Indonesia	4.98	2.55
Other Americas	4.00	1.55
Other Asia	2.81	10.34
Thailand	1.55	4.11
United Arab Emirates	1.41	1.21

* This information is provided as supplemental to the Emerging Markets Opportunities GIPS Report. Excludes 2.76% cash. Source: FactSet

VAUGHAN NELSON 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: \$13.0 Billion*
- Domestic equity, international equity, and fixed income strategies
- 52 employees
- 21 investment team professionals
- 13 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 \$1.7 billion as of 6/30/22.

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.

EMERGING MARKETS OPPORTUNITIES COMPOSITE RETURNS (11/30/2013 - 6/30/2022)

Year	Composite (Gross)	Composite (Net)	Benchmark	Number of Portfolios	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	-15.45%	-15.93%	-18.6%	5 or fewer	N/A	27	11,302	13,017	20.57%	22.12%
2021	12.36%	11.14%	12.33%	5 or fewer	N/A	31	13,490	15,481	20.20%	21.37%
2020	12.37%	11.13%	14.31%	5 or fewer	N/A	28	12,690	14,052	21.78%	22.75%
2019	9.14%	7.77%	12.37%	5 or fewer	N/A	25	11,346	13,064	13.39%	13.08%
2018	-17.90%	-19.01%	-15.83%	5 or fewer	N/A	129	N/A	N/A	13.97%	14.12%
2017	32.34%	30.63%	34.53%	5 or fewer	N/A	161	N/A	N/A	13.74%	14.53%
2016	11.87%	10.41%	3.51%	5 or fewer	N/A	28	N/A	N/A	14.40%	14.72%
2015	-9.31%	-10.52%	-10.12%	5 or fewer	N/A	28	N/A	N/A	N/A	N/A
2014	1.39%	0.07%	-0.87%	5 or fewer	N/A	25	N/A	N/A	N/A	N/A
2013*	-0.58%	-0.69%	-0.75%	5 or fewer	N/A	12	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 Opportunities 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 Opportunities strategy at Advisory Research, Inc. The Emerging Markets Opportunities strategy primarily invests in non-U.S. equities and principally in emerging markets with a market capitalization generally within the range of the MSCI Emerging Markets SMID Cap Net Index. The MSCI Emerging Markets SMID Cap Net Index captures mid and small cap representation across 26 Emerging Markets countries. With 2,276 constituents, the index covers approximately 29% of the free float-adjusted market capitalization in each country. Emerging Markets Opportunities countries include Argentina, Brazil, Chile, China, Colombia, Czech Republic, Egypt, Greece, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Pakistan, Peru, Philippines, Poland, Qatar, Russia, Saudi Arabia, South Africa, Taiwan, Thailand, Turkey and United Arab Emirates. 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 Natix Investment Managers, LLC. **FEES.** Emerging Markets Opportunities 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. The strategy is managed by Marco Priani and Kevin Ross from 11/30/2013. Performance prior to 10/1/19 was generated by Messrs. Priani and Ross while employed by Advisory Research Inc. **COMPOSITE NOTES.** Effective 10/1/19, 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 portfolio 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 3/31/22. 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 portfolio 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 Global SMID 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 \$1.7 billion as of 6/30/22. This information is presented as supplemental information to the Emerging Markets Opportunities 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.

