

INTERNATIONAL SMALL CAP STRATEGY



4Q 2021 Strategy Fact Sheet

Performance (%)

	1 Year	3 Years	5 Years	7 Years	Since 11/30/2013
Portfolio (Gross)	13.98	18.72	13.47	10.47	9.07
Portfolio (Net)	12.49	17.17	11.98	9.02	7.64
MSCI EAFE Small Cap Index	10.10	15.62	11.03	9.52	7.82

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

Overall market performance during the quarter was volatile, with the first two months generally dominated by concerns regarding inflation and interest rate increases coupled with the appearance of the Omicron Covid-19 variant and its rapid spread throughout the world. That led to the market to remain in negative territory until December. Dovish messages from central banks and scientific progress in the analysis of the Omicron variant led to a buoyant end of the year that pushed the benchmark to positive territory for the quarter, and many other relevant indices to hit all-time highs.

Portfolio Positioning

As a result of buys, sells, and market action, from a country perspective, the portfolio is overweight the United Kingdom, France, Norway, Germany, and Belgium. The portfolio is underweight Australia, Sweden, Switzerland, Israel, and Hong Kong.

Through the fourth quarter, the portfolio is overweight Industrials, Information Technology, Health Care, and Financials while underweight Real Estate, Materials, Consumer discretionary, Utilities, Communication Services, Energy, and Consumer Staples.

Contributors to Performance

The Vaughan Nelson International Small Cap Fund generated a 1.1% positive absolute return during the 4th quarter of 2021, outperforming its benchmark (MSCI EAFE Small Cap Index) that was nearly flat during the period. The strength of the USD detracted around 120bps of performance during the quarter. Following a trend that persisted during 2021, selection within and exposure to the UK contributed meaningfully while allocation and selection in Sweden detracted. The other major geographic area within the universe, Japan, provided excess performance. Information Technology was the top performing sector and Real Estate the worst. The best performing countries (total effect) were the UK, Japan, Norway, and France. The portfolio underperformed in Sweden, Australia, Israel, and Switzerland.

Outlook

The attractiveness of the international small cap asset class is almost undiminished from the past year. Valuations are moderate from both absolute and relative perspectives, currency headwinds are abating, and the delayed impact of reopening and supply chain normalization could contribute positively to fundamentals, assuming no graver Covid-19 variants emerge. The cliff effect of government support being withdrawn is significantly lower in these economies compared to other geographies and there is no sense of urgency from the European Central Bank or the Bank of Japan regarding increasing interest rates. In the current fiscal year, risks for the asset class include a potential imbalance in energy supply and demand that could create higher energy costs for longer, and geopolitical risks involving Russian and Chinese assertiveness. US political turmoil is something to watch closely as it can affect non-U.S. investor sentiment. Overall, we expect 2022 to be volatile affording opportunities to informed and opportunistic active managers.

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

4Q 2021 INTERNATIONAL SMALL CAP STRATEGY PORTFOLIO

Model Portfolio Attribution - 4Q 2021 (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	2.15	2.35	0.05	4.52	-2.60	-0.12	-2.37	4.95	0.17	0.25	-0.06	0.18
Consumer Discretionary	8.15	-3.46	-0.29	12.77	-3.13	-0.42	-4.62	-0.32	0.13	-0.03	0.16	0.13
Consumer Staples	4.16	-8.17	-0.34	5.52	-7.26	-0.40	-1.37	-0.91	0.06	-0.03	0.09	0.05
Energy	0.72	-34.55	-0.35	1.65	-4.98	-0.07	-0.93	-29.57	-0.28	-0.57	0.33	-0.24
Financials	10.83	0.24	0.10	10.61	0.15	0.04	0.23	0.08	0.05	0.01	0.01	0.03
Health Care	8.19	-1.24	-0.10	7.06	-3.71	-0.27	1.13	2.47	0.17	0.18	-	0.18
Industrials	34.00	2.26	0.83	23.69	1.22	0.26	10.31	1.05	0.57	0.25	0.19	0.44
Information Technology	18.12	5.97	0.87	10.27	1.35	0.11	7.85	4.62	0.76	0.47	0.41	0.88
Materials	4.50	1.71	0.17	8.92	3.06	0.28	-4.41	-1.35	-0.11	-0.10	-0.06	-0.15
Real Estate	5.44	2.85	0.17	11.93	5.46	0.62	-6.49	-2.60	-0.46	-0.28	-0.18	-0.46
Utilities	-	-	-	2.84	3.04	0.09	-2.84	-3.04	-0.09	-	-0.07	-0.07
Cash	3.74	-0.02	-	-	-	-	3.74	-0.02	-	-	0.01	0.01
Total	100.00	1.09	1.09	100.00	0.12	0.12	-	0.97	0.97	0.16	0.81	0.97

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	84	2,374
P/E NTM	15.57	15.02
Price/Cash Flow	4.12	10.08
Wtd. Avg. Mkt. Cap (\$B)	2.50	3.34
Est. 3-5 Yr. EPS Growth (%)	24.35	18.72
Dividend Yield (%)	1.61	2.13
Net Debt/Equity	0.33	0.48

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

Top Ten Holdings* 1

	Country	Sector	% of Total Portfolio *
Marlowe PLC	United Kingdom	Industrials	2.81
Atea ASA	Norway	Information Technology	2.09
ASKUL Corp	Japan	Consumer Discretionary	1.87
Kin & Carta PLC	United Kingdom	Information Technology	1.70
Alliance Pharma PLC	United Kingdom	Health Care	1.64
Roland DG Corp	Japan	Information Technology	1.63
Befesa SA	Germany	Industrials	1.57
Aker ASA	Norway	Financials	1.52
Sopra Steria Group SACA	France	Information Technology	1.51
Anicom Holdings Inc	Japan	Financials	1.46

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

* Excludes 2.18% cash. Source: FactSet

Portfolio Sector Weightings (%)* 1

	Portfolio	MSCI EAFE Small Cap Index
Industrials	33.56	23.23
Information Technology	18.09	10.66
Financials	12.19	10.64
Consumer Discretionary	9.57	12.65
Health Care	8.82	6.71
Real Estate	5.72	12.21
Materials	5.63	9.26
Consumer Staples	4.13	5.41
Communication Services	2.29	4.53
Energy	-	1.72
Utilities	-	2.99

* Excludes 2.18% 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	31.28	24.36
United Kingdom	29.27	17.96
Japan	26.27	26.78
Nordic	8.93	13.15
Asia/Pacific ex. Japan	4.24	14.34
Other	-	2.42
United States	-	1.00

* This information is provided as supplemental to the International Small Cap GIPS Report. Excludes 2.18% cash. Source: FactSet

Risk Reward*

	Portfolio	MSCI EAFE Small Cap Index
Beta	0.96	1.00
Sharpe Ratio	0.76	0.60
Information Ratio	0.77	N/A
R-Squared	0.96	1.00
Standard Deviation (%)	16.22	16.64

* Annualized 5-years ending 12/31/21. This information is provided as supplemental to the International Small Cap GIPS Report. Source: FactSet

VAUGHAN NELSON INTERNATIONAL SMALL CAP EQUITY TEAM

PORTFOLIO MANAGERS



Marco Priani, CFA, CPA, FRM
Senior Portfolio Manager - International Equity

- 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 - International Equity

- 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

RESEARCH



Masa Matsumura, Ph.D.
Senior Equity Analyst - International Equity

- 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: \$15.5 Billion*
- Domestic equity, international equity, and fixed income strategies
- 52 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 12/31/2021.

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 (11/30/2013 - 12/31/2021)

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)
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

* 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 12/31/2021. 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.

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 11/30/2013. Performance prior to 10/1/2019 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 12/31/1997 through 9/30/2021. 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 11/30/2013 to 12/31/2020. 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.