

2Q21 STRATEGY FACT SHEET
INTERNATIONAL SMALL CAP
PERFORMANCE (%)

	YTD	1 Year	3 Years	5 Years	7 Years	Since 11/30/13
Portfolio (Gross)	12.47	49.15	11.10	15.45	8.65	9.51
Portfolio (Net)	11.73	47.26	9.64	13.94	7.22	8.07
MSCI EAFE Small Cap Net Index	9.04	40.98	8.40	12.03	7.75	8.23

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

MANAGER COMMENTARY
Market Overview

Our benchmark, the MSCI EAFE Small Cap, was up 4.4% in USD and another 1.0% in local currency due to dollar appreciation. YTD performance for the benchmark is 9.1% in USD, with the USD appreciation having shaved approximately 4.0% of local currency performance during 2021.

One important geography representing roughly 30% of the index, Japan, was a laggard for the benchmark, with negative performance for the quarter in local currency. A good part of this underperformance can be attributed to the slow vaccination progress in the country, highlighted by the continuous debate on the conditions under which the Olympics should take place or if they should even take place at all.

With that exception, the positive performance of the benchmark takes place in a framework of strong industrial activity and a moderate recovery of the services sector, with travel-related activity still trailing behind the levels of 2019. We have seen inflation in raw materials and logistics; however, end-consumer demand continues to be strong and there appears to be little resistance to passing through additional costs.

The strategy performed strongly during the quarter, outperforming the benchmark by more than 300 bps. Most of the outperformance was due to positive attribution from both a geographical and sector perspective.

Remarkably, four of our UK-listed names received takeover offers from private equity during the quarter. We have mentioned in the past that the company profiles in the portfolio - with strong business quality, sound balance sheets, and (in most cases) positive secular tailwinds - make them likely acquisition candidates both for strategic and financial buyers. However, this volume of takeover is unmatched. The UK market shows historically high private equity activity with 345 buyout bids in the first half of 2021, of which 13 are listed. This buyout activity contributed to the UK being the best-performing geography within the portfolio from a relative standpoint, contributing 330 basis points. Sweden was the country that detracted the most at 30 basis points.

From a sector standpoint, Communication Services and Industrials were outperformers and no sector was a material detractor with Health Care and Materials basically flat against the benchmark.

Portfolio Positioning

As a result of buys and sells and market action, our weighting in the United Kingdom, Belgium, France, Germany, and Spain increased during the quarter. The portfolio's weightings in Japan, Sweden, and Netherlands decreased during the quarter.

From a sector perspective, our weightings in Materials, Health Care, and Communication Services increased during the quarter. The portfolio's weighting in Financials, Industrials, and Real Estate decreased during the period.

Contributors to Performance

During the quarter, the portfolio experienced strong absolute and relative performance compared to its benchmark. The strategy returned 7.8% during the second quarter compared to the MSCI EAFE Small Cap Index's increase of 4.3%. This was primarily driven by stock selection with a small positive impact from allocation effect. The best performing countries (total effect) were the UK, Norway, Germany, and France. The portfolio underperformed in Sweden, Switzerland, and Italy (where we have no exposure). The portfolio continues to be overweight Information Technology and Industrials while underweight to Consumer Discretionary, Real Estate, Materials, and Utilities. Our biggest country overweights are to the United Kingdom, France, Norway, and Germany which is offset by underweights to Australia, Sweden, Italy, and Switzerland.

Outlook

There was a higher-than-average turnover in the portfolio during the quarter, driven by bottom-up considerations while highlighting a broader theme in which more economically sensitive names were replaced by long-term compounders based upon expected returns within our time horizon. We exited 13 names and added 13 new names to the portfolio. The takeover activity we referenced previously also contributed to the higher turnover as the offers led to value realization.

We continue to find more opportunities than we can include in the portfolio and deselection plays an important role in our portfolio construction. We continue to favor the UK, Continental Europe, and the Nordics from a geographical standpoint for bottom-up reasons and IT and business services for secular reasons. We believe the portfolio is well-positioned for the uncertain months ahead, when the cumulative and most extreme forms of stimulus will start being withdrawn.

2Q21 INTERNATIONAL SMALL CAP PORTFOLIO

MODEL PORTFOLIO ATTRIBUTION - 2Q21 (GROSS RETURNS)

S&P GICS SECTOR	Portfolio			MSCI EAFE Small 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	4.43	34.29	1.30	4.62	3.99	0.19	-0.19	30.30	1.12	1.23	-0.11	1.12
Consumer Discretionary	8.65	8.12	0.71	13.35	2.77	0.38	-4.70	5.35	0.33	0.74	-0.19	0.55
Consumer Staples	3.93	7.86	0.36	5.64	0.07	0.01	-1.70	7.79	0.35	0.47	-0.05	0.41
Energy	--	--	--	1.62	-2.73	-0.04	-1.62	2.73	0.04	--	0.13	0.13
Financials	11.40	3.62	0.40	10.82	2.62	0.31	0.58	1.00	0.09	0.13	-0.01	0.12
Health Care	6.84	7.40	0.51	6.99	7.88	0.52	-0.14	-0.48	-0.02	-0.03	0.01	-0.02
Industrials	31.45	7.99	2.56	23.46	5.76	1.35	7.99	2.23	1.21	0.50	0.30	0.80
Information Technology	17.82	7.24	1.26	9.87	5.13	0.51	7.95	2.11	0.75	0.22	0.20	0.41
Materials	5.17	0.50	0.03	9.16	2.07	0.20	-3.99	-1.57	-0.18	-0.13	0.12	-0.01
Real Estate	6.11	12.41	0.67	11.61	8.06	0.89	-5.50	4.35	-0.21	0.49	-0.44	0.05
Utilities	--	--	--	2.82	0.96	0.03	-2.82	-0.96	-0.03	--	0.11	0.11
[Cash]	4.19	-0.04	-0.00	--	--	--	4.19	-0.04	-0.00	--	-0.21	-0.23
Total	100.00	7.80	7.80	100.00	4.35	4.35	--	3.45	3.45	3.61	-0.15	3.45

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. Source: FactSet. See additional disclosures on last page.

PORTFOLIO CHARACTERISTICS*

	Portfolio	MSCI EAFE Small Cap Net Index
Number of Holdings	81	2,389
P/E NTM	16.96	16.77
Price/Cash Flow	13.64	10.17
Wtd. Avg. Mkt. Cap (\$B)	2.7	3.3
Est. 3-5 Yr. EPS Growth (%)	23.09	13.84
Dividend Yield (%)	1.59	1.92
Net Debt/Equity	0.29	0.47

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

RISK/REWARD*

	Portfolio	MSCI EAFE Small Cap Net Index
Beta	0.94	1.00
Sharpe Ratio	0.89	0.66
Information Ratio	0.99	N/A
R-Squared	0.96	1.00
Standard Deviation (%)	15.97%	16.55%

* Annualized 5-years ending 6/30/21. This information is provided as supplemental to the International Small Cap GIPS Report. Source: eVestment

TOP TEN HOLDINGS¹

	Country	Sector	% of Total Portfolio*
Marlowe Plc	United Kingdom	Industrials	2.96
Atea ASA	Norway	Information Technology	2.19
Sanne Group	Jersey	Financials	1.93
Roland DG	Japan	Information Technology	1.78
Smurfit Kappa Group	Ireland	Materials	1.62
TAG Immobilien AG	Germany	Real Estate	1.58
Anicom Holdings	Japan	Financials	1.56
Granges AB	Sweden	Materials	1.52
Alliance Pharma Plc	United Kingdom	Health Care	1.49
Inchcape Plc	United Kingdom	Consumer Discretionary	1.46

* Excludes 3.21% cash.

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

PORTFOLIO SECTOR WEIGHTINGS (%)¹

	Portfolio	MSCI EAFE Small Cap Net Index
Industrials	34.17	23.40
Information Technology	17.92	10.01
Financials	13.34	10.48
Consumer Discretionary	8.24	13.43
Real Estate	7.31	11.71
Health Care	6.15	7.36
Materials	5.08	9.00
Consumer Staples	4.30	5.65
Communication Services	3.49	4.49
Energy	0.00	1.58
Utilities	0.00	2.89

* Excludes 3.21% cash. Due to rounding, totals may not equal 100%.

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

PORTFOLIO GEOGRAPHIC WEIGHTINGS (%)¹

	Portfolio	MSCI EAFE Small Cap Net Index
United Kingdom	30.34	17.53
Japan	27.46	27.99
Europe ex. United Kingdom	27.12	24.25
Nordic	10.51	13.08
Asia/Pacific ex. Japan	4.57	13.99
Other	0.00	1.93
United States	0.00	1.22

* Excludes 3.21% cash. Due to rounding, totals may not equal 100%.

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

VAUGHAN NELSON 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, *magna cum laude*, 1987



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, 2001
- 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: \$15.1 Billion*
- Domestic equity, international equity, and fixed income strategies
- 48 employees
- 20 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 \$1.7 billion as of June 30, 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 (11/30/13 - 6/30/21)

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 2021	12.47%	11.73%	9.04%	5 or fewer	N/A	39	13,410	15,114	19.48%	20.06%
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 \$1.7 billion as of June 30, 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.

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 10/1/19, 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 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 3/31/21. 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 12/31/20. 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.