

**3Q21 PORTFOLIO FACT SHEET**

# CORE FIXED INCOME STRATEGY

**INVESTMENT OBJECTIVE**

Vaughan Nelson Core Fixed Income seeks to generate attractive risk-adjusted returns through investments in U.S. Treasury, government agencies and investment grade corporate fixed income securities.

**PERFORMANCE (%)**

Annualized Returns	YTD	1 Year	3 Years	5 Years	7 Years	10 Years
Core Fixed Income (gross)	-1.14	-0.41	5.59	3.28	3.58	3.61
Core Fixed Income (net)	-1.40	-0.77	5.22	2.91	3.21	3.24
Bloomberg Barclays Aggregate Index	-1.55	-0.90	5.36	2.94	3.26	3.01

All periods longer than 12 months are annualized. Source: GPS

**PRODUCT COMPOSITION<sup>1</sup>**

Sector Distribution (%)	Core Fixed Income	Barclays Aggregate Index
Corporates	60	26
Agencies	0	6
Treasuries	40	38
Mortgages	0	28
Commercial Mortgages	0	2
Asset Backed	0	0

Quality Distribution (%)	Core Fixed Income	Barclays Aggregate Index
AAA	41	70
AA	6	3
A	29	10
BBB	24	15
No Rating	0	2

Portfolio Characteristics	Core Fixed Income	Barclays Aggregate Index
Average YTM (%)	1.3	1.6
Average Maturity (years)	6.6	8.7
Average Coupon (%)	3.0	2.5
Average Effective Duration (years)	5.8	6.7

<sup>1</sup> This information is provided as supplemental to the Core Fixed Income GPS Report. Source: Bloomberg

**DIFFERENTIATING FEATURES**

- 27-year track record under the same lead portfolio manager
- Average 29 years of fixed income investment experience
- Ability to create and actively manage customized portfolios with variable maturity ranges and/or credit quality limitations
- Constant balance between risk and reward with maximum duration and security limits
- \$3.3 billion (as of 9/30/2021) in fixed income assets allows for access to a greater range of the secondary and new issue corporate market (investment grade only)
- Cross-fertilization of ideas between equity and fixed income platforms

Vaughan Nelson's fixed income management is based on the premise that active, risk controlled management, founded on research-driven analysis, can uncover relative values that over the long-term produce returns with less risk.

- Headquarters: Houston, TX
- Founded: 1970
- Firm assets: \$15.2 billion\*

\* 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 \$1.8 billion as of 9/30/2021.

**INVESTMENT TEAM**
**Matt Caire, CFA, CMT, CFP®**

- Senior Portfolio Manager - Fixed Income Investments
- Began investment career in 2010; joined Vaughan Nelson in 2021; MSF, Tulane University; BA, Texas State University, *cum laude*

**Charles Ellis**

- Senior Portfolio Manager
- Began investment career in 1975; joined Vaughan Nelson in 2003; BBA, Texas Tech University

**Blanca Garza**

- Senior Portfolio Manager
- Began investment career in 1993; joined Vaughan Nelson in 1998; MBA, University of St. Thomas; BA, University of Houston-University Park

**Michael Hanna**

- Director - Fixed Income Investments
- Senior Portfolio Manager
- Began investment career in 1998; joined Vaughan Nelson in 2005; MBA, Rice University, 2005; BA, University of Texas, 1997

**Steve Henriksen**

- Senior Portfolio Manager - Fixed Income Investments
- Began financial and investment career in 1982; joined Vaughan Nelson in 1994; BA, Louisiana State University

**EXPAND YOUR FIXED INCOME HORIZONS**
**Intermediate Fixed Income**

Generate attractive risk-adjusted returns through investments in U.S. Treasury, government agencies and investment grade corporate fixed income: Maturity range 0 to 10 years.

<b>Average Effective Duration</b>	<b>Average YTM</b>
3.8	1.0%

**Limited Maturity Fixed Income**

Maximize total return while preserving capital through investments in U.S. Treasury and government agency fixed income securities: Maturity range 0 to 5 years.

<b>Average Effective Duration</b>	<b>Average YTM</b>
1.1	0.2%

**Tax-Free Fixed Income**

Generate tax-free income through investments in municipal bonds: Maturity range 0 to 20 years.

<b>Average Effective Duration</b>	<b>Average YTM</b>
3.5	0.6%

## CORE FIXED INCOME PORTFOLIO COMPOSITE RETURNS (1/1/2011 - 9/30/2021)

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)
YTD 2021	-1.14%	-1.40%	-1.55%	7	N/A	118	13,398	15,154	3.66%	3.49%
2020	7.53%	7.16%	7.51%	7	0.45%	109	12,690	14,052	3.47%	3.36%
2019	9.34%	8.93%	8.72%	Fewer than 6	N/A	98	11,346	13,064	2.60%	2.87%
2018	0.09%	-0.27%	0.01%	Fewer than 6	N/A	90	10,078	11,425	2.55%	2.84%
2017	3.60%	3.24%	3.54%	6	0.15%	92	11,675	13,172	2.71%	2.78%
2016	3.17%	2.80%	2.65%	7	0.42%	91	11,572	12,912	2.92%	2.98%
2015	1.44%	1.07%	0.55%	Fewer than 6	0.25%	94	11,316	12,469	2.91%	2.88%
2014	5.62%	5.27%	5.97%	7	0.53%	105	9,943	11,057	2.71%	2.63%
2013	-0.86%	-1.21%	-2.02%	7	0.19%	100	9,243	10,258	2.77%	2.71%
2012	6.85%	6.49%	4.21%	6	0.44%	96	7,273	8,071	2.33%	2.38%
2011	7.14%	6.75%	7.84%	7	0.23%	104	6,876	7,667	2.78%	2.78%

\* 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 \$1.8 billion as of 9/30/2021. This information is supplemental to the Core Fixed Income GIPS Report.

## GIPS NOTES AND DISCLOSURES

### NOTES

**COMPOSITE DESCRIPTION.** This composite is comprised of all fee paying, discretionary Core Fixed Income accounts in excess of \$2 million. Core Fixed Income is defined as investment grade fixed income securities rated BBB- or higher by S&P with a maturity range of one to thirty years at time of purchase. The benchmark is the Bloomberg Barclays U.S. Aggregate Index. The Bloomberg Barclays U.S. Aggregate Index provides a measure of the performance of the U.S. investment grade bonds market, which includes investment grade U.S. Government bonds, investment grade corporate bonds, mortgage pass-through securities and asset-backed securities that are publicly offered for sale in the United States. The securities in the Index must have at least one year remaining to maturity. In addition, the securities must be denominated in US dollars and must be fixed rate, nonconvertible, and taxable. The composite creation and inception date is January 1993.

**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.** Core Fixed Income Fee Schedule: .35% on the first \$25 million, .25% on the next \$75 million, .20% on amounts over \$100 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) along with the Matrix Pricing Module. 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. Steve Henriksen and Michael Hanna have managed the Core Fixed Income product from April 2019; and Steve Henriksen from 1994.

### DISCLOSURES (CONT.)

**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. The 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 12/31/1997 through 6/30/2021. 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 Core Fixed Income composite has had a performance examination for the periods 1/1/1998 through 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: 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.



600 Travis, Suite 3800  
Houston, TX 77002-2928  
Main: (713) 224-2545  
Fax: (713) 247-9534  
www.vaughannelson.com

**3Q21 PORTFOLIO FACT SHEET**

# INTERMEDIATE FIXED INCOME STRATEGY

**INVESTMENT OBJECTIVE**

Vaughan Nelson Intermediate Fixed Income seeks to generate attractive risk-adjusted returns through investments in U.S. Treasury, government agencies and investment grade corporate fixed income securities.

**PERFORMANCE (%)**

Annualized Returns	YTD	1 Year	3 Years	5 Years	7 Years	10 Years
Int. Fixed Income (gross)	-0.93	-0.69	3.65	2.19	2.54	2.70
Int. Fixed Income (net)	-1.20	-1.04	3.30	1.84	2.18	2.34
Barclays Int. Govt/Credit Index	-0.87	-0.40	4.63	2.60	2.74	2.52

All periods longer than 12 months are annualized. Source: GPS

**PRODUCT COMPOSITION<sup>1</sup>**

Sector Distribution (%)	Int. Fixed Income	ICE BAML 0-3 Yr Tsy Index
Corporates	57	32
Agencies	0	8
Treasuries	43	60
Mortgages	0	0
Commercial Mortgages	0	0
Asset Backed	0	0
Quality Distribution (%)		
AAA	44	66
AA	8	3
A	41	14
BBB	7	17
BB and Below	0	0
Portfolio Characteristics		
Average YTM (%)	1.0	1.0
Average Maturity (years)	4.2	4.4
Average Coupon (%)	2.5	2.0
Average Effective Duration (years)	3.8	4.1

<sup>1</sup> This information is provided as supplemental to the Intermediate Fixed Income GIPS® Report. Source: FactSet

**DIFFERENTIATING FEATURES**

- 27-year track record under the same lead portfolio manager
- Average 29 years of fixed income investment experience
- Ability to create and actively manage customized portfolios with variable maturity ranges and/or credit quality limitations
- Constant balance between risk and reward with maximum duration and security limits
- \$3.3 billion (as of 9/30/2021) in fixed income assets allows for access to a greater range of the secondary and new issue corporate market (investment grade only)
- Cross-fertilization of ideas between equity and fixed income platforms

Vaughan Nelson's fixed income management is based on the premise that active, risk controlled management, founded on research-driven analysis, can uncover relative values that over the long-term produce returns with less risk.

- Headquarters: Houston, TX
- Founded: 1970
- Firm assets: \$15.2 billion\*

\* 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 \$1.8 billion as of 9/30/2021.

**INVESTMENT TEAM**
**Matt Caire, CFA, CMT, CFP®**

- Senior Portfolio Manager - Fixed Income Investments
- Began investment career in 2010; joined Vaughan Nelson in 2021; MSF, Tulane University; BA, Texas State University, *cum laude*

**Charles Ellis**

- Senior Portfolio Manager
- Began investment career in 1975; joined Vaughan Nelson in 2003; BBA, Texas Tech University

**Blanca Garza**

- Senior Portfolio Manager
- Began investment career in 1993; joined Vaughan Nelson in 1998; MBA, University of St. Thomas; BA, University of Houston-University Park

**Michael Hanna**

- Director - Fixed Income Investments
- Senior Portfolio Manager
- Began investment career in 1998; joined Vaughan Nelson in 2005; MBA, Rice University, 2005; BA, University of Texas, 1997

**Steve Henriksen**

- Senior Portfolio Manager - Fixed Income Investments
- Began financial and investment career in 1982; joined Vaughan Nelson in 1994; BA, Louisiana State University

**EXPAND YOUR FIXED INCOME HORIZONS**
**Core Fixed Income**

Generate attractive risk-adjusted returns through investments in U.S. Treasury, government agencies and investment grade corporate fixed income.

**Average Effective Duration**  
5.8

**Average YTM**  
1.3%

**Limited Maturity Fixed Income**

Maximize total return while preserving capital through investments in U.S. Treasury and government agency fixed income securities: Maturity range 0 to 5 years.

**Average Effective Duration**  
1.1

**Average YTM**  
0.2%

**Tax-Free Fixed Income**

Generate tax-free income through investments in municipal bonds: Maturity range 0 to 20 years.

**Average Effective Duration**  
3.5

**Average YTM**  
0.6%

## INTERMEDIATE FIXED INCOME PORTFOLIO COMPOSITE RETURNS (1/1/2011 - 9/30/2021)

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)
YTD 2021	-0.93%	-1.20%	-0.87%	5 or fewer	N/A	38	13,398	15,154	2.87%	2.35%
2020	4.02%	3.67%	6.43%	5 or fewer	N/A	27	12,690	14,052	2.77%	2.31%
2019	6.51%	6.14%	6.80%	5 or fewer	N/A	3	11,346	13,064	1.82%	2.04%
2018	0.96%	0.59%	0.88%	5 or fewer	N/A	16	10,078	11,425	1.95%	2.09%
2017	2.51%	2.17%	2.14%	5 or fewer	N/A	61	11,675	13,172	2.05%	2.11%
2016	2.43%	2.07%	2.08%	5 or fewer	N/A	56	11,572	12,912	2.19%	2.23%
2015	1.55%	1.20%	1.07%	5 or fewer	N/A	52	11,316	12,469	2.15%	2.10%
2014	3.65%	3.29%	3.13%	5 or fewer	N/A	55	9,943	11,057	1.98%	1.94%
2013	-0.09%	-0.45%	-0.86%	5 or fewer	N/A	54	9,243	10,258	2.09%	2.11%
2012	5.72%	5.36%	3.89%	5 or fewer	N/A	56	7,273	8,071	1.97%	2.16%
2011	5.35%	4.97%	5.80%	5 or fewer	N/A	47	6,876	7,667	N/A	N/A

\* 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 \$1.8 billion as of 9/30/2021. This information is supplemental to the Intermediate Fixed Income GIPS Report.

## GIPS NOTES AND DISCLOSURES

### NOTES

**COMPOSITE DESCRIPTION.** This composite is comprised of all discretionary Intermediate Fixed Income accounts in excess of \$2 million. Intermediate Fixed Income is defined as investment grade fixed income securities rated BBB- or higher by S&P with a maturity range of one to ten years at time of purchase. The benchmark is the Barclays Intermediate Govt/Credit Index. The Barclays Intermediate Govt/Credit Index measures the performance of U.S. dollar denominated U.S. Treasuries, government-related and investment grade U.S. corporate securities that have a remaining maturity of greater than or equal to one year and less than ten years. Securities have \$250 million or more of outstanding face value and must be fixed rate and non-convertible. The composite creation and inception date is June 2009.

**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.** Intermediate Fixed Income Fee Schedule: .35% on the first \$25 million, .25% on the next \$75 million, .20% on amounts over \$100 million.

**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 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) along with the Matrix Pricing Module. 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. Steve Henriksen, Senior Portfolio Manager, and Michael Hanna, Senior Portfolio Manager, have managed the Core Fixed Income product from April 2019; and Steve Henriksen from 1994.

**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

### DISCLOSURES (CONT.)

**COMPOSITE NOTES. (CONT.)** 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 the GIPS Report 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 12/31/1997 through 6/30/2021. 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 Intermediate Fixed Income composite has had a performance examination for the periods 7/1/2009 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: 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.



600 Travis, Suite 3800  
Houston, TX 77002-2928  
Main: (713) 224-2545  
Fax: (713) 247-9534  
www.vaughannelson.com