

EMERGING MARKETS OPPORTUNITIES



PERFORMANCE (%)

	YTD	1 Year	3 Years	5 Years	7 Years	Since 11/30/13
Portfolio (Gross)	11.51	34.08	7.56	7.77	5.08	5.48
Portfolio (Net)	10.44	32.38	6.16	6.37	3.70	4.10
MSCI Emerging Markets SMID Cap Net Index	12.34	35.51	10.71	8.81	5.26	5.27

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

The third quarter was an eventful period for Emerging Markets, with all relevant benchmarks declining for the first time since early 2020. We saw divergent performance at a country level with notable underperformance coming from Brazil which was down 19%, China/Hong Kong down 13%, and South Korea down 7%. On the positive side, India continues its strong relative performance and was up 12%, supported by a stable political situation and an improving consumer sentiment and capex cycle. In addition, some of the smaller countries in the EM benchmark, such as South Africa, Russia, and the SE Asia region, generally demonstrated improved relative performance.

Our long leading indicators for China, including new bank loans and shadow banking, suggest a deceleration in growth for 2021 which is in line with overall IMF and World Bank GDP forecasts. In addition, the Government policy stance shifted from monetary and fiscal expansion in 2020 to a more neutral stance this year as the Government wants to keep system wide leverage and property prices under control. We saw several new developments during the quarter that are worth highlighting. The Chinese Government is increasing their efforts to reduce income inequality through programs they are referring to as “Common Prosperity”. This marks a shift away from decades old pursuit of rapid economic growth at all costs, instead increasing efforts to broaden income distribution and create greater balance in the economy. We have started to see the first response to these policies with several very large profitable tech companies announcing sizable charitable contributions during the last few months. Potential future policy changes include wealth taxes on capital gains and inheritance and property taxes on holding property investments.

As a result of the growth headwinds that we see in China, we reduced the portfolio’s position in Hong Kong/China from a moderate overweight position at the beginning of the quarter to an underweight position by the end of the quarter. We are waiting to see a more material policy loosening stance from the Government as well as a bottoming of the credit cycle which we expect to see during the 1H of next year.

Another country we reduced our exposure to during the quarter was Brazil. We harvested profits in some materials sector companies and sold out of an industrial company that makes parts for commercial vehicles. President Bolsonaro’s popularity rating remains low, and the recent scandal related to purchase of Covid vaccines has caused an uptick in protests and unrest across the country ahead of an election next October. Inflation is running above 8% due to weak FX and the rise in food/fuel/electricity tariff prices has caused the Central Bank to raise interest rates by 325bps with more tightening ahead. The outlook is better for inflation next year, which is expected in the 4%-5% range, but still outside the Central Bank’s targeted range. With heightened volatility expected as campaigning for the election begins, we expect the portfolio to retain an underweight position to Brazil into next year.

Portfolio Positioning

As a result of buys, sells, and market action, our weightings in India, South Africa, Russia, and Saudi Arabia increased during the quarter. The portfolio’s weightings in Hong Kong, Brazil, Turkey, and South Korea decreased during the quarter.

From a sector perspective, our weightings in Information Technology, Communication Services, Consumer Discretionary, and Consumer Staples increased during the quarter. The portfolio’s weightings in Materials, Real Estate, and Energy decreased during the period.

Contributors to Performance

During the quarter, the benchmark and portfolio saw declines for the first time since 1Q20. The strategy declined by 4.52% compared to the MSCI Emerging Markets Small Mid Index’s decrease of 3.40%. The best performing countries (total effect) were India, China, and Taiwan. The portfolio underperformed in Hong Kong, South Korea, Poland, and Mexico. The portfolio continues to be overweight Information Technology and Consumer Discretionary while underweight to Financials, Health Care, Materials, and Utilities.

Outlook

We added eight new companies and fully exited thirteen during the quarter, which was a busier quarter on the selling side than typically. This is driven by the divergence in economic trends that we are seeing in several of our countries including China and Brazil. Most of the new names fall within the Under-valued Earnings Growth category which have structural growth tailwinds or specific catalysts that can help them ride through the current economic uncertainty.

Economic growth continues to be hindered by supply chain disruptions, low inventories, and rising commodity prices. As we move into 2022, markets should start to get a glimpse of what the new “post Covid normal” looks like and to what extent inflation will be transitory. There is some solace in the fact that the inflationary cycle is now in a growth downturn, but such a downturn is no guarantee that inflation will be as low as it was for the last decade. Globally, there are significant geopolitical, demographic, and industry shifts underway that will materially change supply chains, trade flows, inflationary pressures, and currency flows. These shifts will become more apparent as we move through 2022 and could impact asset prices.

We remain towards the top end of our targeted number of names (60-80) given the attractive opportunity set and compelling valuations that we see in many of our countries.

“Investing is about offsetting future obligations, not just having market exposure.”

3Q21 EMERGING MARKETS OPPORTUNITIES PORTFOLIO

MODEL PORTFOLIO ATTRIBUTION - 3Q21 (GROSS RETURNS)

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	4.48	-6.39	-0.27	4.62	-3.68	-0.17	-0.14	-2.70	-0.10	-0.12	0.00	-0.12
Consumer Discretionary	15.77	-11.11	-1.79	11.96	-9.03	-1.12	3.81	-2.08	-0.68	-0.23	-0.34	-0.57
Consumer Staples	5.40	-6.54	-0.26	7.27	-2.85	-0.20	-1.87	-3.69	-0.07	-0.23	0.09	-0.14
Energy	0.97	16.41	-0.12	2.52	3.93	0.10	-1.55	12.48	-0.23	0.42	-0.67	-0.25
Financials	6.70	-4.44	-0.31	12.83	0.43	0.07	-6.13	-4.88	-0.37	-0.61	0.05	-0.55
Health Care	4.46	-5.03	-0.25	8.52	-11.57	-1.04	-4.06	6.54	0.79	0.64	-0.01	0.63
Industrials	13.10	-8.56	-1.16	14.53	-3.85	-0.57	-1.42	-4.71	-0.59	-0.68	0.05	-0.63
Information Technology	23.65	0.69	0.09	15.88	-3.39	-0.57	7.77	4.08	0.66	0.63	0.34	0.97
Materials	14.24	0.36	0.08	13.06	1.61	0.19	1.18	-1.24	-0.11	-0.17	0.12	-0.05
Real Estate	5.57	-1.66	-0.11	5.49	-4.40	-0.24	0.08	2.74	0.13	0.17	-0.05	0.12
Utilities	2.62	8.28	0.18	3.32	3.55	0.13	-0.69	4.73	0.05	0.16	-0.13	0.03
[Cash]	3.05	-0.03	-0.00	--	--	--	3.05	-0.03	-0.00	--	0.05	0.05
Total	100.00	-3.91	-3.91	100.00	-3.40	-3.40	--	-0.51	-0.51	-0.02	-0.49	-0.51

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 EM SMID Cap Net Index
Number of Holdings	78	2,487
P/E NTM	11.46	11.77
Price/Cash Flow	7.28	7.03
Wtd. Avg. Mkt. Cap (\$B)	4.2	4.1
Est. 3-5 Yr. EPS Growth (%)	17.53	20.58
Dividend Yield (%)	2.68	2.30
Net Debt/Equity	0.74	0.95

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

RISK/REWARD*

	Portfolio	MSCI EM SMID Cap Net Index
Beta	0.91	1.00
Sharpe Ratio	0.38	0.41
Information Ratio	-0.20	N/A
R-Squared	0.93	1.00
Standard Deviation (%)	17.69	18.65

* Annualized 5-years ending 9/30/21. This information is provided as supplemental to the Emerging Markets Opportunities GIPS Report. Source: eVestment

TOP TEN HOLDINGS¹

	Country	Sector	% of Total Portfolio*
KB Financial Group	South Korea	Financials	2.20
Samsonite International SA	Hong Kong	Consumer Discretionary	1.94
Hindalco Industries	India	Materials	1.78
Sobha	India	Real Estate	1.74
Hansol Chemical	South Korea	Materials	1.73
Yuanta Financial Holding	Taiwan	Financials	1.66
KEI Industries	India	Industrials	1.65
SIS	India	Industrials	1.65
Powertech Technology	Taiwan	Information Technology	1.63
Elite Material	Taiwan	Information Technology	1.61

¹ This information is provided as supplemental to the Emerging Markets Opportunities GIPS report.

* Excludes 3.51% cash. Source: FactSet

PORTFOLIO SECTOR WEIGHTINGS (%)¹

	Portfolio	MSCI EM SMID Cap Net Index
Information Technology	26.51	15.82
Consumer Discretionary	16.07	11.69
Industrials	13.97	14.13
Materials	11.29	13.18
Financials	7.45	13.20
Consumer Staples	6.51	7.34
Communication Services	5.13	4.73
Health Care	4.80	8.12
Real Estate	4.64	5.63
Utilities	3.09	3.46
Energy	0.53	2.69

* Excludes 3.51% cash. Due to rounding, totals may not equal 100%.

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

PORTFOLIO GEOGRAPHIC WEIGHTINGS (%)^{*}

	Portfolio	MSCI EM SMID Cap Net Index
Taiwan	17.85	17.74
India	17.10	15.94
South Korea	16.77	14.17
China/Hong Kong	12.05	13.31
Europe	11.98	7.35
Brazil	6.22	6.28
Other Africa	5.45	5.86
Mexico	4.03	2.66
Other Americas	3.06	1.56
Indonesia	2.85	1.63
Other Asia	2.63	9.35
Thailand	0.00	3.43
United Arab Emirate	0.00	0.74

* This information is provided as supplemental information to the Emerging Markets Opportunities GIPS Report. Excludes 3.51% cash. 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
- LLM, Northwestern University School of Law, 2006
- MSF, Universidad Del CEMA, 1999
- JD, Universidad De Buenos Aires-School of Law, *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, 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: \$15.2 Billion*
- Domestic equity, international equity, and fixed income strategies
- 49 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 \$1.8 billion as of 9/30/2021.

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.

Emerging Markets Opportunities Composite Returns (11/30/13 - 9/30/21)

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	11.51	10.44	12.34	5 or fewer	N/A	33	13,398	15,154	20.85	22.29
2020	12.37	10.89	14.31	5 or fewer	N/A	28	12,690	14,052	21.78	22.75
2019	9.14	7.72	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

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

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 Natixis 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 12/31/1997 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 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 11/30/2013 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.



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