

EMERGING MARKETS STRATEGY



3Q 2024 Strategy Fact Sheet

Performance (%)

Past performance is no guarantee of future results.

	3Q 2024	YTD	1 Year	3 Years	5 Years	7 Years	10 Years
Portfolio (Gross)	4.92	4.23	11.98	3.54	8.75	4.09	4.61
Portfolio (Net)	4.64	3.37	10.76	2.41	7.57	2.88	3.36
MSCI Emerging Markets Index Net	8.72	N/A	N/A	N/A	N/A	N/A	N/A
MSCI Emerging Markets SMID Cap Index Net	N/A	12.23	22.30	3.32	9.30	5.47	4.68

All periods longer than 12 months are annualized. See disclosures on last page. Source: GPS.

Manager Commentary

Market Overview

The past quarter saw continued volatility in international markets, influenced by geopolitical tensions, inflation concerns, and a global slowdown in manufacturing. Despite these challenges, the MSCI Emerging Market Index was up strongly as market expectations for central bank easing in the second half of the year increased and China announced supportive policy measures.

The key event of the quarter was the Bank of Japan (BOJ) hiking interest rates for the first time since 2007. This policy change eased financial conditions around the world. With the BOJ hiking and the Fed starting their interest rate cutting cycle, China was able to begin the process of rebalancing their economy. This includes cutting interest rates, increasing consumption transfer payments, announcing supportive policy measures for the real estate sector, and providing lending for mainland Chinese-based companies' equity market purchases. Extreme under positioning in the China market and historically low valuations also helped to buoy the strong performance we saw in the last few weeks of 3Q24.

Within the quarter, there was a notable divergence within the relevant countries. Some notable outperformers were Hong Kong +25%, Philippines +22%, Malaysia +21%, and China +20%. Notable country laggards included Turkey -12%, South Korea -6%, Poland -3%, and Mexico -3%.

Portfolio Positioning

As a result of buys and sells and market action, the portfolio is overweight Consumer Discretionary, Real Estate, Information Technology, and Industrials while underweight Financials, Health Care, Utilities, Communication Services, Energy, Consumer Staples, and Materials.

Contributors to Performance

During the quarter, the portfolio experienced positive absolute and negative relative performance. Positive relative performance was driven by Consumer Discretionary, while offset by Information Technology, Real Estate, Materials, Industrials, Consumer Staples, Health Care, Energy, Communication Services, Financials, and Utilities.

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

3Q 2024 EMERGING MARKETS STRATEGY PORTFOLIO

Portfolio Characteristics

	Portfolio	MSCI Emerging Markets Index Net
Number of Holdings	53	1,277
P/E NTM	12.71	12.35
Price/Cash Flow	10.25	8.64
Wtd. Avg. Mkt. Cap (\$B)	17.80	156.39
Est. 3-5 Yr. EPS Growth (%)	18.32	15.63
Dividend Yield (%)	2.03	2.48
Net Debt/Equity	0.06	0.30

Source: FactSet

Risk Reward*

	Portfolio	MSCI Emerging Markets Index Net
Beta	0.92	1.00
Sharpe Ratio	0.34	0.18
Information Ratio	0.36	N/A
R-Squared	0.81	1.00
Standard Deviation (%)	18.90	18.47

* Annualized 5-years ending 9/30/2024.

Source: eVestment

Top Ten Holdings* 1

	Country	Sector	% of Total Portfolio *
Accton Technology Corp	Taiwan	Information Technology	4.09
ANTA Sports Products Ltd	China	Consumer Discretionary	4.05
Tongcheng Travel Holdings Ltd	China	Consumer Discretionary	4.04
Yageo Corp	Taiwan	Information Technology	3.51
Haitian International Holdings Ltd	China	Industrials	2.96
Nien Made Enterprise Co Ltd	Taiwan	Consumer Discretionary	2.85
Bilibili Inc	China	Communication Services	2.85
PDD Holdings Inc	Ireland	Consumer Discretionary	2.83
ON Semiconductor Corp	United States	Information Technology	2.69
Samsung Electro-Mechanics Co Ltd	South Korea	Information Technology	2.68

* Excludes 5.15% cash.

1 Performance holdings subject to change.

Source: FactSet

Portfolio Sector Weightings (%)* 1

	Portfolio	MSCI Emerging Markets Index Net
Consumer Discretionary	27.52	13.98
Information Technology	25.23	22.23
Financials	14.73	22.84
Industrials	7.64	6.77
Communication Services	7.37	9.43
Materials	6.55	6.64
Real Estate	4.13	1.59
Consumer Staples	3.95	5.23
Energy	2.88	4.76
Health Care	-	3.60
Utilities	-	2.93

* Excludes 5.15% cash. Due to rounding, totals may not equal 100%.

1 Performance holdings subject to change.

Source: FactSet

Portfolio Geographic Weightings (%)*

	Portfolio	MSCI Emerging Markets Index Net
China/Hong Kong	27.33	26.46
Taiwan	20.49	17.57
Other Americas	9.61	1.79
South Korea	8.14	10.44
Europe	7.23	3.44
Brazil	6.93	4.19
Indonesia	6.83	1.65
Other Asia	5.16	7.36
Mexico	3.57	1.88
India	1.85	19.52
United Arab Emirates	1.55	1.14
Thailand	1.31	1.50
Other Africa	-	3.05

* This information is provided as supplemental to the Emerging Markets GIPS Report. Excludes 5.15% cash. Source: FactSet

VAUGHAN NELSON EQUITY TEAM

LEAD PORTFOLIO MANAGER



Adam Rich, CFA

- Began investment career in 2010
- Joined Vaughan Nelson in 2016
- BS, Brigham Young University, 2010

CO-PORTFOLIO MANAGERS



Marco Priani, CFA, CPA, FRM

- 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

- 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

Zach Buell, CFA

Associate, International Equity

- Began his investment management and financial analysis career in 2017
- BS, Brigham Young University, 2020, *magna cum laude*



Masa Matsumura, PhD

Vice President, 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
- PhD, University of Alabama at Birmingham, 2007
- MS, University of Alabama at Birmingham, 2005
- BS, University of Alabama at Birmingham, 2001



Zhongjie (Matt) Wang

Associate, International Equity

- Began his financial analysis career in 2019
- MBA, Northwest University, 2022
- BA, University of Manitoba, 2016

MACRO AND FACTOR ANALYSIS



Isabelle Long

Associate, Portfolio and Risk Analysis

- Began portfolio and risk analysis career in 2022
- MBA, Texas A&M University, 2024
- BS, Texas A&M University, 2022



William Wojciechowski, PhD

Chief Risk Officer Portfolio and Risk Analysis

- Began investment management and financial analysis career in 2001
- PhD, Rice University, 2001
- MA, Rice University, 1999
- MS, West Virginia University, 1996
- BS, Carnegie Mellon University, 1992

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: \$18.3 Billion*
- Domestic equity, international equity, and fixed income strategies
- 55 employees
- 26 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 \$3.1 billion as of 9/30/24.

VAUGHAN NELSON EQUITY STRATEGIES

Emerging Markets

- Benchmark against the MSCI Emerging Markets NR Index
- Generally 60 to 80 positions

International

- Benchmark against the MSCI ACWI ex USA NR Index
- Generally 25 to 35 positions

Global SMID Cap

- Benchmark against the MSCI ACWI SMID Cap NR Index
- Generally 40 to 80 positions

Small Cap Value

- Benchmark against the Russell 2000® Value Index
- Generally 55 to 85 positions

Select

- Benchmark against the S&P 500 Index and Russell 3000® Index
- Generally 20 to 40 positions

Value Opportunity

- Benchmark against the Russell Midcap® Value Index and Russell 2500™ Value Index
- Generally 55 to 75 positions

OUR MISSION

To provide for the **financial wellbeing** of our **clients** and **employees** through **superior performance** consistent with our values.

EMERGING MARKETS COMPOSITE RETURNS

November 30, 2013 through September 30, 2024

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

Year	Compos. Returns	Compos. Returns	MSCI EM Net Index	MSCI EM SMID Cap Net Index	No. of Ports.	Disp. at EOP	Compos. Assets at EOP	Ttl. Firm Assets [†] (ex. Model assets)	Entity Assets ^{**†}	Std. Dev. Compos.	Std. Dev. MSCI EM Net Index	Std. Dev. MSCI EM SMID Cap Net Index
	Gross	Net	PRIM	SEC		Std Dev	\$MM-USD	\$MM-USD	\$MM-USD	3-Yr Anlzd	3-Yr Anlzd	3-Yr Anlzd
2024 YTD	4.23%	3.37%	16.86%	12.23%	5 or fewer	N/A	44	15,196	18,287	15.57%	17.38%	15.18%
2023	18.51%	17.23%	9.83%	18.58%	5 or fewer	N/A	38	13,811	16,351	15.37%	17.14%	15.44%
2022	-10.81%	-11.79%	-20.09%	-17.11%	5 or fewer	N/A	32	11,720	13,566	21.17%	20.26%	23.11%
2021	12.36%	11.14%	-2.54%	12.33%	5 or fewer	N/A	31	13,490	15,481	20.20%	18.33%	21.37%
2020	12.37%	11.13%	18.31%	14.31%	5 or fewer	N/A	28	12,690	14,052	21.78%	19.61%	22.75%
2019	9.14%	7.77%	18.42%	12.37%	5 or fewer	N/A	25	11,346	13,064	13.39%	14.17%	13.08%
2018	-17.90%	-19.01%	-14.57%	-15.83%	5 or fewer	N/A	129	N/A	N/A	13.97%	14.60%	14.12%
2017	32.34%	30.63%	37.28%	34.53%	5 or fewer	N/A	161	N/A	N/A	13.74%	15.35%	14.53%
2016	11.87%	10.41%	11.18%	3.51%	5 or fewer	N/A	28	N/A	N/A	14.40%	16.07%	14.72%
2015	-9.31%	-10.52%	-14.92%	-10.12%	5 or fewer	N/A	28	N/A	N/A	N/A	N/A	N/A
2014	1.39%	0.07%	-2.19%	-0.87%	5 or fewer	N/A	25	N/A	N/A	N/A	N/A	N/A
2013*	-0.58%	-0.69%	-1.45%	-0.75%	5 or fewer	N/A	12	N/A	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 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 strategy at Advisory Research, Inc. The Emerging Markets strategy primarily invests in non-U.S. equities and principally in emerging markets. The primary benchmark is the MSCI Emerging Markets Index. The secondary benchmark is the MSCI Emerging Markets SMID Cap Index. The primary benchmark was changed from the MSCI Emerging Markets SMID Cap Index to the MSCI Emerging Markets Index effective 4/1/24. Prior to 4/1/24, the composite was named the Emerging Markets Opportunities composite. The MSCI Emerging Markets Index captures large and mid cap representation across 24 Emerging Markets (EM) countries*. With 1,376 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country. 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 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. Effective 4/1/24, the strategy is managed by Adam Rich, Marco Priani, and Kevin Ross. From 11/30/13 to 3/31/24, the strategy was managed by Marco Priani and Kevin Ross. Performance prior to 10/1/19 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. The three-year annualized standard deviation measures the variability of the composite (using gross-of-fee returns, and the benchmark returns over the preceding 36-month period). **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. Policies for valuing investments, calculating performance, and preparing GIPS® Report 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 3/31/24. 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 Emerging Markets has had a performance examination for the periods 11/30/13 through 12/31/23. 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: 2023 - \$2.5 billion, 2022 - \$1.8 billion, 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. Inception date of 11/30/13.

** 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 \$3.1 billion as of 9/30/24. This information is presented as supplemental information to the Emerging Markets 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.

