

INTERNATIONAL STRATEGY

3Q 2024 Strategy Fact Sheet



Performance (%)

Past performance is no guarantee of future results.

	3Q 2024
Portfolio (Gross)	7.67
Portfolio (Net)	7.41
MSCI ACWI ex USA NR Index	8.07

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

Manager Commentary

Market Overview

The third quarter of 2024 saw continued volatility in international markets, influenced by geopolitical tensions, inflation concerns, and a global slowdown in manufacturing. Despite these challenges, the MSCI ACWI ex US Index was positive as market expectations for central bank easing in the second half of the year increased.

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.

Looking ahead, we see three significant regime changes that will impact international investing: (1) the BOJ exiting their decades-long stimulative monetary policies, (2) the PBOC becoming the most accommodative central bank in the world to offset their bubble burst, and (3) populism driving local brand champions. We believe the current positioning of the portfolio will benefit as these regime changes materialize.

Portfolio Positioning

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

Contributors to Performance

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

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

3Q 2024 INTERNATIONAL STRATEGY PORTFOLIO

Portfolio Characteristics

	Portfolio	MSCI ACWI ex USA NR Index
Number of Holdings	25	2,094
P/E NTM	15.58	13.55
Price/Cash Flow	13.41	9.09
Wtd. Avg. Mkt. Cap (\$MM)	117.91	111.94
Est. 3-5 Yr. EPS Growth (%)	20.02	12.53
Dividend Yield (%)	1.29	2.81
Net Debt/Equity	0.05	0.55

Source: FactSet

Portfolio Sector Weightings(%)* 1

	Portfolio	MSCI ACWI ex USA NR Index
Information Technology	34.12	12.79
Consumer Discretionary	19.73	11.30
Financials	18.90	22.52
Industrials	14.39	13.81
Energy	5.10	5.02
Materials	4.08	7.10
Communication Services	3.69	5.58
Consumer Staples	-	7.38
Health Care	-	9.40
Real Estate	-	1.88
Utilities	-	3.22

* Excludes 0.91% cash. Due to rounding, totals may not equal 100%.

¹ Performance holdings subject to change.

Source: FactSet

Top Ten Holdings* 1

	Country	Sector	% of Total Portfolio
PDD Holdings Inc	Ireland	Consumer Discretionary	6.63
Shopify Inc	Canada	Information Technology	6.34
Taiwan Semiconductor Manufacturing Co Ltd	Taiwan	Information Technology	6.23
Monolithic Power Systems Inc	United States	Information Technology	5.32
ANTA Sports Products Ltd.	China	Consumer Discretionary	5.15
Meituan	China	Consumer Discretionary	5.02
Intermediate Capital Group PLC	United Kingdom	Financial	4.74
UBS Group AG	Switzerland	Financials	4.68
ON Semiconductor Corp	United States	Information Technology	4.68
TFI International Inc	Canada	Industrials	4.63

* Excludes 0.91% cash.

¹ Performance holdings subject to change.

Source: FactSet

Portfolio Geographic Weightings (%)*

	Portfolio	MSCI ACWI ex USA NR Index
Asia/Pacific ex Japan	30.31	30.52
Europe ex United Kingdom	19.24	27.50
United States	17.40	9.24
United Kingdom	16.93	0.78
Other	15.09	12.73
Nordic	1.03	5.22
Japan	-	14.01

* Excludes 0.91% 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
- LLM, 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

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

Emerging Markets

- Benchmark against the MSCI Emerging Markets NR Index
- Generally 60 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.

INTERNATIONAL COMPOSITE RETURNS

March 31, 2024 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 ACWI ex USA NR Index	No. of Ports.	Disp. at EOP	Compos. Assets at EOP	Total Firm Assets† (ex. model assets)	Entity Assets***†	Std Dev. Compos.	Std Dev. MSCI EAFE Small Cap Net Index
	Gross	Net			Std Dev	\$MM-USD	\$MM-USD	\$MM-USD	3-Yr Anlzd	3-Yr Anlzd
2024 YTD*	7.67%	7.41%	8.07%	5 or fewer	N/A	28	15,196	18,287	N/A	N/A

NOTES AND DISCLOSURES

NOTES

COMPOSITE DESCRIPTION. Effective 4/1/24, this composite is comprised of all fee-paying, discretionary International portfolios in excess of \$1 million under management. The International strategy primarily invests in non-U.S. equities and principally in developed markets with a market capitalization generally within the range of the MSCI ACWI ex USA NR Index at time of purchase. The index captures large and mid-cap representation across 22 of 23 Developed Markets (DM) countries (excluding the US) and 24 Emerging Markets (EM) countries. The index covers approximately 85% of the global equity opportunity outside the United States. 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 3/31/24. **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 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 Adam Rich, Marco Priani and Kevin Ross from 4/01/24. **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 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. 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 3/31/24. 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 International composite has had a performance examination for the periods 11/30/13 to 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.

* Partial year return. Inception date of 3/31/24.

** 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 supplemental to the International 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.