

SELECT 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	Since 6/30/2009
Portfolio (Gross)	3.52	11.11	23.48	9.26	15.71	14.48	13.71	16.37
Portfolio (Net)	3.26	10.29	22.27	8.18	14.57	13.35	12.58	15.22
S&P 500 Index	5.89	22.08	36.35	11.91	15.98	14.50	13.38	14.99
Russell 3000 Index	6.23	20.63	35.19	10.29	15.26	13.74	12.83	14.69

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

Manager Commentary

Market Overview

During the third quarter, the S&P 500® Index and the Russell 2000® Value Index rose 5.89% and 10.15%, respectively. International equity markets also increased with the MSCI EAFE Net Index returning 7.26%.

Inflation continued to fall allowing interest rates to decline and opening the window for the U.S. Federal Reserve to begin cutting rates. The Federal Reserve joins other major central banks in cutting interest rates, thus lowering the equity risk premium, and driving risk asset prices higher. The U.S. Federal Reserve is also coordinating monetary policy with the U.S. Treasury in order to maximize market liquidity heading into November's election.

Post the November election and through the first half of 2025, we anticipate firming inflation and a continued slowdown in discretionary consumption and industrial demand offset by stability in demand for core services. Despite the previous inverted yield curve, a U.S. recession still seems highly unlikely without an exogenous shock. Given the appreciation year-to-date, equity markets appear reasonably valued and may experience more volatility as they digest shifts in political influences that drive fiscal policy and economic growth.

Portfolio Positioning

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

Contributors to Performance

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

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

3Q 2024 SELECT STRATEGY PORTFOLIO

Portfolio Characteristics

	Portfolio	S&P 500 Index
Number of Holdings	28	504
Wtd. Avg. Mkt. Cap (\$B)	764.90	999.49
Price/Book	4.33	4.83
Est. 3-5 Yr. EPS Growth (%)	12.73	14.83
P/E NTM	22.75	21.74
ROA (%)	13.51	15.04
ROE (%)	26.88	29.70
Dividend Yield (%)	0.69	1.28

Source: FactSet

Risk Reward*

	Portfolio	S&P 500 Index
Beta	1.00	1.00
Sharpe Ratio	0.71	0.76
Information Ratio	-0.05	N/A
R-Squared	0.91	1.00
Standard Deviation (%)	18.75	17.89

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

Source: eVestment

Portfolio Sector Weightings (%)¹

	Portfolio	S&P 500 Index
Information Technology	31.06	31.70
Financials	16.00	12.91
Consumer Discretionary	14.08	10.07
Health Care	10.44	11.60
Communication Services	9.20	8.86
Industrials	8.81	8.55
Materials	5.83	2.23
Energy	3.43	3.31
Consumer Staples	1.14	5.89
Real Estate	-	2.34
Utilities	-	2.53

¹ Excludes 2.35% cash. Due to rounding, totals may not equal 100%.

¹ Performance holdings subject to change.

Source: FactSet

Top Ten Holdings*¹

	% Total Portfolio		% Total Portfolio
Microsoft Corp	7.19	Zoetis Inc	5.03
NVIDIA Corp	6.75	Intercontinental Exchange	4.68
Monolithic Power Systems	6.39	JPMorgan Chase & Co	4.43
Amazon.com Inc	5.89	The Walt Disney Co	4.00
Alphabet Inc	5.20	ON Semiconductor Corp	3.94

* Excludes 2.35% cash.

¹ Performance holdings subject to change.

Source: FactSet

Additions To Portfolio

AGNC Investment Corp.	Becton, Dickinson and Company
Comfort Systems USA, Inc.	Eaton Corp. Plc
TopBuild Corp.	

Source: FactSet

Deletions From Portfolio

DexCom, Inc.	Estee Lauder Companies Inc. Class A
Union Pacific Corporation	

Source: FactSet

VAUGHAN NELSON EQUITY TEAM

PORTFOLIO MANAGER



Scott Weber, CFA
Senior Portfolio Manager

- Began his financial and investment career in 1996
- Joined Vaughan Nelson in 2003
- MBA, Tulane University, 1997
- BS, The University of the South, 1994

DOMESTIC RESEARCH

Benjamin Ledig
Associate, U.S. Equity Analyst

- Began investment career in 2023
- BA, Vanderbilt University, 2023



Tyler Fry, CFA
Vice President, U.S. Equity Analyst

- Began investment career in 2014
- Joined Vaughan Nelson in 2016
- BBA, Southern Methodist University, 2014
- BS, Southern Methodist University, 2014



Corrine Richter
Associate, U.S. Equity Analyst

- Began financial and investment career in 2021
- Joined Vaughan Nelson in 2021
- MSA, Brigham Young University, 2021

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



Adam Rich, CFA
Deputy CIO
Portfolio Manager

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



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.

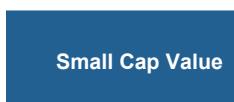
- Headquarters: Houston, Texas
- Founded: 1970
- Firm Assets: \$18.3 Billion*
- Domestic equity, international equity, and fixed income strategies
- 55 employees
- 26 investment team professionals
- 13 Chartered Financial Analyst designations
- 3 PhDs

* 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



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



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



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



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



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



- Benchmark against the MSCI ACWI SMID Cap NR 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.

SELECT PORTFOLIO COMPOSITE RETURNS

June 30, 2009 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		S&P 500 Index	R3000 Index	No. of Ports.	Disp. at EOP	Compos. Assets at EOP	Total Firm Assets (ex. model assets)	Entity Assets**	Std Dev. Compos.	Std Dev. S&P 500 Index	Std Dev. R3000 Index
	Gross	Net	PRIM	SEC								
2024 YTD	11.11%	10.29%	22.08%	20.63%	106	N/A	4,018	15,196	18,287	17.70%	17.28%	17.55%
2023	23.09%	21.88%	26.29%	25.96%	107	0.57%	3,922	13,811	16,351	17.64%	17.29%	17.46%
2022	-15.92%	-16.77%	-18.11%	-19.21%	99	0.31%	2,856	11,720	13,566	21.58%	20.87%	21.48%
2021	40.61%	39.26%	28.71%	25.66%	93	0.46%	3,388	13,490	15,481	17.88%	17.17%	17.94%
2020	20.32%	19.13%	18.40%	20.89%	87	0.70%	1,846	12,690	14,052	19.51%	18.53%	19.41%
2019	29.21%	27.94%	31.49%	31.02%	83	0.22%	1,617	11,346	13,064	12.46%	11.93%	12.21%
2018	-3.56%	-4.53%	-4.38%	-5.24%	80	0.24%	1,187	10,078	11,425	11.96%	10.80%	11.18%
2017	25.94%	24.69%	21.83%	21.13%	69	0.48%	997	11,675	13,172	10.54%	9.92%	10.09%
2016	7.99%	6.91%	11.96%	12.74%	53	0.23%	679	11,572	12,912	11.30%	10.59%	10.88%
2015	4.02%	2.97%	1.38%	0.48%	42	0.22%	448	11,316	12,469	11.81%	10.48%	10.58%
2014	12.04%	10.93%	13.69%	12.56%	41	0.11%	585	9,943	11,057	9.50%	8.98%	9.29%
2013	44.11%	42.73%	32.39%	33.55%	37	0.33%	410	9,243	10,258	12.24%	11.94%	12.53%
2012	10.91%	9.81%	16.00%	16.42%	27	0.29%	194	7,273	8,071	15.57%	15.09%	15.73%
2011	4.85%	3.80%	2.11%	1.03%	17	N/A	124	6,876	7,667	N/A	N/A	N/A
2010	31.28%	30.00%	15.06%	16.93%	Fewer than 5	N/A	26	7,050	7,965	N/A	N/A	N/A
2009*	19.37%	18.80%	22.59%	23.17%	Fewer than 5	N/A	23	6,757	7,690	N/A	N/A	N/A

NOTES AND DISCLOSURES

NOTES

COMPOSITE DESCRIPTION. This composite is comprised of all fee paying, discretionary Select portfolios of at least \$1 million under management. Select portfolios are managed in a tactical manner predominately investing in 20-40 equity securities within the market capitalization range of the Russell 3000® Index at the time of purchase. The primary benchmark is the S&P 500® Index. The secondary benchmark is the Russell 3000® Index. The primary benchmark was changed from the Russell 3000® Index to the S&P 500® Index. Frank Russell Company ("Russell") is the source and owner of Russell Index data contained herein. Any further dissemination of the data is strictly prohibited. Russell is not responsible for any inaccuracy in this presentation. 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 Natrixis Investment Managers, LLC. **FEES.** Select Fee Schedule: 1.00% on the first \$25 million, .85% on the next \$25 million, .75% on the remainder. **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). 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 Scott Weber and Chris Wallis from 12/31/18; Scott Weber, Chris Wallis, Dennis Alf and Chad Fargason from 9/30/13; and Scott Weber, Chris Wallis, and Dennis Alf from inception. **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 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 the 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 12/31/97 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 Select composite has had a performance examination for the periods 7/1/09 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.

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 return. Inception date of 6/30/09.

** 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 Select GIPS Report.

