

# SELECT STRATEGY



## 4Q 2024 Strategy Fact Sheet

### Performance (%)

Past performance is no guarantee of future results.

	4Q 2024	1 Year	3 Years	5 Years	7 Years	10 Years	Since 6/30/2009
Portfolio (Gross)	-0.02	11.08	4.76	14.23	13.48	13.11	16.08
Portfolio (Net)	-0.27	9.99	3.72	13.10	12.36	11.99	14.94
S&P 500 Index	2.41	25.02	8.94	14.53	13.83	13.10	14.90
Russell 3000 Index	2.63	23.81	8.01	13.86	13.16	12.55	14.63

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

### Manager Commentary

#### Market Overview

The U.S. Federal Reserve continued to cut interest rates despite rising near-term inflation expectations resulting in a steepening yield curve, higher longer-term interest rates, and reduced expectations of further interest rate cuts in 2025. During the fourth quarter, rising interest rates and a stronger U.S. dollar led to muted returns in equity markets with the S&P 500 increasing 2.41%, the Russell 2000 Value declining 1.06%, and the MSCI EAFE declining 8.11% for the quarter. Even with the muted fourth quarter returns, equity markets marched higher in 2024 with full year returns of 25.02%, 8.05%, and 3.82% for the S&P 500, Russell 2000 Value, and MSCI EAFE, respectively.

As we enter 2025, we anticipate U.S. economic growth will remain resilient despite a weak global industrial cycle and weak economic growth outside of the United States. Inflationary pressures will continue to build in the first quarter of 2025, but the longer-term outlook for inflation and economic growth will be highly dependent on any material shifts in fiscal and monetary policy by the new administration. Equity markets may prove vulnerable to corrections in the first half of 2025 as investors adjust to the heightened uncertainty of shifting monetary/fiscal policy, geopolitical countermeasures, and declining liquidity conditions.

#### Portfolio Positioning

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

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

## 4Q 2024 SELECT STRATEGY PORTFOLIO

### Portfolio Characteristics

	Portfolio	S&P 500 Index
Number of Holdings	29	503
Wtd. Avg. Mkt. Cap (\$B)	935.33	1,117.13
Price/Book	4.49	4.85
Est. 3-5 Yr. EPS Growth (%)	16.26	14.16
P/E NTM	23.01	21.64
ROA (%)	14.41	15.00
ROE (%)	27.20	29.38
Dividend Yield (%)	0.80	1.26

Source: FactSet

### Risk Reward\*

	Portfolio	S&P 500 Index
Beta	1.01	1.00
Sharpe Ratio	0.62	0.66
Information Ratio	-0.05	N/A
R-Squared	0.91	1.00
Standard Deviation (%)	19.01	18.06

\* Annualized 5-years ending 12/31/2024.

Source: eVestment

### Portfolio Sector Weightings (%)<sup>1</sup>

	Portfolio	S&P 500 Index
Information Technology	32.55	32.49
Consumer Discretionary	15.21	11.23
Communication Services	13.44	9.37
Financials	10.50	13.62
Industrials	9.77	8.19
Health Care	8.47	10.09
Materials	5.06	1.89
Energy	4.00	3.16
Consumer Staples	1.00	5.53
Real Estate	-	2.10
Utilities	-	2.33

<sup>1</sup> Excludes 1.43% cash. Due to rounding, totals may not equal 100%.

<sup>1</sup> Performance holdings subject to change.

Source: FactSet

### Top Ten Holdings\*<sup>1</sup>

	% Total Portfolio		% Total Portfolio
NVIDIA Corp	7.40	The Walt Disney Co	4.61
Microsoft Corp	6.98	Intercontinental Exchange	4.30
Amazon.com Inc	6.88	ServiceNow Inc	4.13
Alphabet Inc	5.29	Monolithic Power Systems	3.95
Taiwan Semiconductor	5.15	JPMorgan Chase & Co	3.82

\* Excludes 1.43% cash.

<sup>1</sup> Performance holdings subject to change.

Source: FactSet

### Additions To Portfolio

Expand Energy Corporation	Meta Platforms Inc Class A
Taiwan Semiconductor Manufacturing Co., Ltd. Sponsored ADR	

Source: FactSet

### Deletions From Portfolio

Antero Resources Corporation	Kinsale Capital Group, Inc.
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Source: FactSet

## VAUGHAN NELSON EQUITY TEAM

### LEAD PORTFOLIO MANAGER



**Scott Weber, CFA**  
**Senior Portfolio Manager**

- 29 years investment management and financial analysis experience
- MBA, Tulane University, 1997
- BS, The University of the South, 1994

### ANALYSTS



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

- 11 years investment management and financial analysis experience
- BBA, Southern Methodist University, 2014
- BS, Southern Methodist University, 2014



**Benjamin Ledig**  
**Associate, U.S. Equity Analyst**

- 2 year financial analysis and research experience
- BA, Vanderbilt University, 2023



**Corrine Richter**  
**Associate, U.S. Equity Analyst**

- 4 years financial analysis and research experience
- MSA, Brigham Young University, 2021

### MACRO ANALYSIS



**Adam Rich, CFA**  
**Deputy CIO**  
**Portfolio Manager**

- 15 years investment management and research experience
- BS, Brigham Young University, 2010



**Chris Wallis, CFA, CPA**  
**CEO and CIO**  
**Senior Portfolio Manager**

- 33 years investment management / financial analysis and accounting experience
- MBA, Harvard Business School, 1998
- BBA, Baylor University, 1991

### FACTOR ANALYSIS



**Isabelle Long**  
**Associate, Portfolio and Risk Analysis**

- 3 years portfolio and risk analysis experience
- MBA, Texas A&M University, 2024
- BS, Texas A&M University, 2022



**William Wojciechowski, PhD**  
**Chief Risk Officer, Portfolio and Risk Analysis**

- 23 years investment management and financial analysis experience
- 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: \$17.8 Billion\*
- Domestic equity, international equity, and fixed income strategies
- 53 employees
- 25 investment team professionals
- 13 Chartered Financial Analyst designations
- 2 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 \$3.0 billion as of 12/31/24

## VAUGHAN NELSON EQUITY STRATEGIES

		Product Assets as of 12/31/2024
<b>Small Cap Value</b>	<ul style="list-style-type: none"> <li>• Benchmark against the Russell 2000® Value Index</li> <li>• Generally 55 to 85 positions</li> </ul>	\$4,507 MM
<b>Value Opportunity</b>	<ul style="list-style-type: none"> <li>• Benchmark against the Russell Midcap® Value Index and Russell 2500™ Value Index</li> <li>• Generally 55 to 75 positions</li> </ul>	\$2,366 MM
<b>Select</b>	<ul style="list-style-type: none"> <li>• Benchmark against the S&amp;P 500 Index and Russell 3000® Index</li> <li>• Generally 20 to 40 positions</li> </ul>	\$6,996 MM
<b>Global SMID Cap</b>	<ul style="list-style-type: none"> <li>• Benchmark against the MSCI ACWI SMID Cap NR Index</li> <li>• Generally 40 to 80 positions</li> </ul>	\$191 MM
<b>Emerging Markets</b>	<ul style="list-style-type: none"> <li>• Benchmark against the MSCI Emerging Markets NR Index</li> <li>• Generally 60 to 80 positions</li> </ul>	\$40 MM
<b>International</b>	<ul style="list-style-type: none"> <li>• Benchmark against the MSCI ACWI ex USA NR Index</li> <li>• Generally 25 to 35 positions</li> </ul>	\$26 MM

# SELECT PORTFOLIO COMPOSITE RETURNS

June 30, 2009 through December 31, 2024

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

Year	Compos. Returns	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		Std. Dev.	\$MM-USD	\$MM-USD	\$MM-USD	3-Yr Anlzd	3-Yr Anlzd	3-Yr Anlzd
2024	11.08%	9.99%	25.02%	23.81%	108	0.39%	3,802	14,791	17,840	17.49%	17.15%	17.56%
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 Natixis 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 9/30/24. 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: 2024 - \$3.0 billion, 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 \$3.0 billion as of 12/31/24. This information is supplemental to the Select GIPS Report.

