

VALUE OPPORTUNITY 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 6/30/2006
Portfolio (Gross)	2.68	19.65	8.45	11.80	10.12	8.91	9.95
Portfolio (Net)	2.47	18.65	7.54	10.86	9.19	7.99	8.99
Russell Midcap Value Index	-1.75	13.07	3.88	8.59	7.72	8.10	8.41
Russell 2500 Value Index	-0.26	10.98	3.81	8.44	7.17	7.81	7.65

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 Consumer Discretionary Industrials, Information Technology and underweight Utilities, Health Care, Materials, Consumer Staples, Communication Services, Real Estate, Energy, and Financials.

Contributors to Performance

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

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

4Q 2024 VALUE OPPORTUNITY STRATEGY PORTFOLIO

Portfolio Characteristics

	Portfolio	Russell Midcap Value Index	Russell 2500 Value Index
Number of Holdings	60	711	1,882
Wtd. Avg. Mkt. Cap (\$B)	29.63	25.09	8.21
Price/Book	3.51	2.32	1.77
Est. 3-5 Yr. EPS Growth (%)	17.81	10.64	10.07
P/E NTM	18.74	15.68	14.36
ROA (%)	6.94	6.44	4.65
ROE (%)	17.33	14.87	10.34
Dividend Yield (%)	0.96	1.90	1.83

Source: FactSet

Risk Reward*

	Portfolio	Russell Midcap Value Index	Portfolio	Russell 2500 Value Index
Beta	0.92	1.00	0.83	1.00
Sharpe Ratio	0.44	0.27	0.44	0.24
Information Ratio	0.61	N/A	0.47	N/A
R-Squared	0.94	1.00	0.92	1.00
Standard Deviation (%)	20.94	22.02	20.94	24.09

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

Source: eVestment

Portfolio Sector Weightings (%)¹

	Portfolio	Russell Midcap Value Index	Russell 2500 Value Index
Industrials	26.35	17.28	18.05
Consumer Discretionary	19.52	9.07	11.42
Financials	18.04	18.00	21.84
Information Technology	13.04	9.23	8.58
Real Estate	7.95	9.79	9.63
Energy	4.72	5.74	5.71
Health Care	3.25	8.18	7.38
Materials	3.07	6.68	6.68
Consumer Staples	2.16	5.72	3.62
Utilities	1.91	6.99	3.53
Communication Services	-	3.32	3.57

* Excludes 1.42% 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
Royal Caribbean Cruises	5.24	Vulcan Materials Co	3.07
Marvell Technology Inc	5.15	Axon Enterprise Inc	2.87
EastGroup Properties Inc	4.00	TechnipFMC PLC	2.82
Carnival Corp	3.11	Tyler Technologies Inc	2.49
Cushman & Wakefield	3.08	XPO Inc	2.39

* Excludes 1.42% cash.

¹ Performance holdings subject to change.

Source: FactSet

Additions To Portfolio

Blue Owl Capital, Inc. Class A	Celestica Inc.
Dick's Sporting Goods, Inc.	Domino's Pizza, Inc.
Embraer S.A. Sponsored ADR	Fabrinet
Helios Technologies, Inc.	Lincoln Electric Holdings, Inc.
MongoDB, Inc. Class A	

Source: FactSet

Deletions From Portfolio

Avery Dennison Corporation	Cencora, Inc.
Constellium SE Class A	Equifax Inc.
IQVIA Holdings Inc	Kosmos Energy Ltd.
ON Semiconductor Corporation	Onto Innovation, Inc.

Source: FactSet

VAUGHAN NELSON EQUITY TEAM

LEAD PORTFOLIO MANAGER



Dennis Aiff, CFA
Senior Portfolio Manager

- 28 years investment management and research experience
- MBA, Harvard Business School, 1998
- BS, United States Military Academy, 1993

PORTFOLIO MANAGER



Sundeep Khanna, CFA
Portfolio Manager

- 20 years investment management and financial analysis experience
- BS, The University of Texas, 2005

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
Small Cap Value	<ul style="list-style-type: none"> • Benchmark against the Russell 2000® Value Index • Generally 55 to 85 positions 	\$4,507 MM
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 	\$2,366 MM
Select	<ul style="list-style-type: none"> • Benchmark against the S&P 500 Index and Russell 3000® Index • Generally 20 to 40 positions 	\$6,996 MM
Global SMID Cap	<ul style="list-style-type: none"> • Benchmark against the MSCI ACWI SMID Cap NR Index • Generally 40 to 80 positions 	\$191 MM
Emerging Markets	<ul style="list-style-type: none"> • Benchmark against the MSCI Emerging Markets NR Index • Generally 60 to 80 positions 	\$40 MM
International	<ul style="list-style-type: none"> • Benchmark against the MSCI ACWI ex USA NR Index • Generally 25 to 35 positions 	\$26 MM

VALUE OPPORTUNITY PORTFOLIO COMPOSITE RETURNS

June 30, 2006 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		RMV Index	R2500V Index	No. of Ports.	Disp. at EOP	Compos. Assets at EOP	Total Firm Assets (ex. model assets)	Entity Assets**	Std Dev. Compos.	Std Dev. RMV Index	Std Dev. R2500V Index
	Gross	Net	PRIM	SEC		Std Dev	\$MM-USD	\$MM-USD	\$MM-USD	3-Yr Anlzd	3-Yr Anlzd	3-Yr Anlzd
2024	19.65%	18.65%	13.07%	10.98%	19	0.30%	2,050	14,791	17,840	18.12%	19.77%	21.63%
2023	17.59%	16.61%	12.71%	15.98%	19	0.09%	1,866	13,811	16,351	16.92%	19.31%	20.70%
2022	-9.34%	-10.11%	-12.03%	-13.08%	20	0.45%	1,597	11,720	13,566	23.36%	24.44%	26.46%
2021	22.40%	21.38%	28.34%	27.78%	20	0.61%	1,958	13,490	15,481	21.18%	21.95%	24.15%
2020	11.86%	10.91%	4.96%	4.88%	23	0.22%	1,676	12,690	14,052	22.82%	22.62%	25.05%
2019	31.98%	30.89%	27.06%	23.56%	24	0.11%	1,695	11,346	13,064	13.33%	12.79%	14.23%
2018	-14.82%	-15.56%	-12.29%	-12.36%	36	0.14%	1,952	10,078	11,425	14.01%	11.96%	13.58%
2017	14.31%	13.33%	13.34%	10.36%	49	0.27%	2,612	11,675	13,172	12.30%	10.32%	11.81%
2016	7.12%	6.22%	20.00%	25.20%	62	0.26%	2,895	11,572	12,912	13.53%	11.30%	13.17%
2015	-2.35%	-3.21%	-4.78%	-5.49%	62	0.24%	2,631	11,316	12,469	12.48%	10.71%	12.02%
2014	12.26%	11.32%	14.75%	7.11%	58	0.58%	1,477	9,943	11,057	11.21%	9.81%	11.25%
2013	43.03%	41.84%	33.46%	33.32%	46	0.39%	965	9,243	10,258	15.65%	13.69%	15.07%
2012	17.56%	16.57%	18.51%	19.21%	41	0.18%	586	7,273	8,071	18.81%	16.76%	18.41%
2011	-2.37%	-3.17%	-1.38%	-3.36%	27	0.17%	433	6,876	7,667	21.46%	22.78%	24.23%
2010	21.92%	20.91%	24.75%	24.82%	19	0.36%	356	7,050	7,965	24.09%	27.11%	26.97%
2009	34.11%	32.87%	34.21%	27.68%	7	0.49%	127	6,757	7,690	21.42%	25.01%	24.61%
2008	-31.33%	-32.01%	-38.44%	-31.99%	7	0.19%	80	5,761	6,642	N/A	N/A	N/A
2007	10.48%	9.39%	-1.42%	-7.27%	6	N/A	90	6,637	8,176	N/A	N/A	N/A
2006*	7.73%	7.20%	12.33%	11.62%	Fewer than 5	N/A	18	5,218	6,711	N/A	N/A	N/A

NOTES AND DISCLOSURES

NOTES

COMPOSITE DESCRIPTION. This composite is comprised of all fee paying, discretionary Value Opportunity portfolios with a minimum of \$1 million under management. Value Opportunity is defined as a security having a market capitalization within the capitalization range of \$1 billion to \$20 billion at time of initial purchase. The primary benchmark is the Russell Midcap® Value Index. The Russell Midcap® Value Index measures the performance of the mid-cap value segment of the U.S. equity universe. It includes those Russell Midcap® Index companies with lower price-to-book ratios and lower forecasted growth values. The Russell Midcap® Value Index is constructed to provide a comprehensive and unbiased barometer of the mid-cap value market. The Index is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true mid-cap value market. The secondary benchmark is Russell 2500® Value Index. The Russell 2500® Value Index measures the performance of the small to mid-cap value segment of the U.S. equity universe. It includes those Russell 2500® companies with lower price-to-book ratios and lower forecasted growth values. The Russell 2500® Value Index is constructed to provide a comprehensive and unbiased barometer of the small to mid-cap value market. The Index is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true small to mid-cap opportunity set and that the represented companies continue to reflect value characteristics. 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. Composite creation and inception date is June 2006. **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. **FEES.** Value Opportunity Fee Schedule: .85% on the first \$10 million, .75% on the next \$15 million, .70% on the next \$25 million, .65% on assets over \$50 million. **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 Dennis Alff, Sundeep Khanna, and Chris Wallis from 12/31/24, Dennis Alff, Chad Fargason, and Chris Wallis from 12/31/18; Dennis Alff, Chad Fargason, Chris Wallis, and Scott Weber from 9/30/13; and Dennis Alff, Chris Wallis, and Scott Weber since 6/30/06. **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 Report 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 Value Opportunity composite has had a performance examination for the periods 7/1/06 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 6/30/06.

** 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 Value Opportunity GIPS Report.

