

**1Q21 PORTFOLIO FACT SHEET**

# INTERMEDIATE MUNICIPAL BOND STRATEGY

**INVESTMENT OBJECTIVE**

To provide tax-free current income and consistent, long-term performance with less risk through active, risk averse management.

**PRODUCT PROFILE (%)<sup>1</sup>**

AAA - Pre-refunded*	0
AAA - Credit Support**	21
AAA	2
AA	77
* Escrowed with U.S. Governments	
** Credit support from permanent school fund, bond insurance companies or other entities	
0-1 Year	6
1-3 Years	26
3-5 Years	27
5-7 Years	26
7-10 Years	15
10+ Years	0

<sup>1</sup> This information is provided as supplemental to the GIPS® Report.  
Data source: Advent

**TAXABLE EQUIVALENT YIELDS<sup>1</sup>**

	AA G.O. Municipals	Taxable Equivalent 37%	Taxable Equivalent 35%	Treasuries	Industrial A Corporates
1 YR	0.18	0.28	0.27	0.06	0.24
2 YR	0.23	0.36	0.35	0.16	0.36
3 YR	0.35	0.55	0.53	0.35	0.59
4 YR	0.52	0.82	0.79	0.65	0.89
5 YR	0.64	1.02	0.99	0.94	1.19
7 YR	0.88	1.40	1.36	1.42	1.74
10 YR	1.22	1.93	1.87	1.79	2.31
15 YR	1.52	2.42	2.34	2.00	2.89
20 YR	1.70	2.69	2.61	2.31	3.16

<sup>1</sup> This information is provided as supplemental to the GIPS® Report.  
Data Source: Bloomberg

Vaughan Nelson's fixed income management is based on the premise that active, risk controlled management, founded on research-driven analysis, can uncover relative values that over the long-term produce returns with less risk.

- Headquarters: Houston, TX
- Founded: 1970
- Firm assets: \$14.7 billion\*

\* 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 \$1.5 billion as of March 31, 2021.

**INVESTMENT TEAM**
**Steve Henriksen**

- Co-Director and Senior Portfolio Manager Fixed Income Investments
- Began financial and investment career in 1982
- Joined Vaughan Nelson in 1994
- BA, Louisiana State University

**Blanca Garza**

- Senior Portfolio Manager
- Began investment career in 1993
- Joined Vaughan Nelson in 1998
- MBA, University of St. Thomas
- BA, University of Houston-University Park

**EXPAND YOUR FIXED INCOME HORIZONS**
**Core Fixed Income**

Generate attractive risk-adjusted returns through investments in U.S. Treasury, government agencies and investment grade corporate fixed income.

**Average  
Modified  
Duration** 5.6  
**Average  
YTM** 1.5%

**Intermediate Fixed Income**

Generate attractive risk-adjusted returns through investments in U.S. Treasury, government agencies and investment grade corporate fixed income: Maturity range 0 to 10 years.

**Average  
Modified  
Duration** 3.9  
**Average  
YTM** 1.1%

**Limited Maturity Fixed Income**

Maximize total return while preserving capital through investments in U.S. Treasury and government agency fixed income securities: Maturity range 0 to 5 years.

**Average  
Modified  
Duration** 1.4  
**Average  
YTM** 0.2%

## INTERMEDIATE MUNICIPAL BOND PORTFOLIO COMPOSITE RETURNS (1/1/11 - 3/31/21)

Year	Composite (Gross)	Composite (Net)	Benchmark	Number of Portfolios	Dispersion at End-of-Period (Std Dev)	Composite Assets <sup>^</sup> at End-of-Period (\$MM-USD)	Total Firm Assets (ex. model assets) (\$MM-USD)	Entity Assets* (\$MM-USD)	Std Dev. Composite (3-Yr Annlzd)	Std Dev. Benchmark (3-Yr Annlzd)
YTD 2021	-0.31%	-0.40%	-0.40%	8	N/A	72	13,140	14,683	2.05%	2.46%
2020	3.59%	3.24%	3.82%	8	1.05%	73	12,690	14,052	2.08%	2.41%
2019	4.69%	4.31%	5.08%	8	0.72%	76	11,346	13,064	1.67%	1.72%
2018	1.17%	0.80%	1.60%	8	0.13%	80	10,078	11,425	2.49%	2.23%
2017	3.67%	3.31%	2.58%	7	0.37%	84	11,675	13,172	2.61%	2.22%
2016	-0.31%	-0.68%	-0.05%	6	0.16%	81	11,572	12,912	2.58%	2.15%
2015	3.05%	2.69%	2.10%	6	0.38%	81	11,316	12,469	2.45%	1.89%
2014	3.36%	2.99%	3.43%	7	0.53%	54	9,943	11,057	2.33%	1.93%
2013	-1.67%	-2.01%	0.28%	6	N/A	42	9,243	10,258	2.69%	2.18%
2012	2.99%	2.63%	2.89%	Five or Fewer	N/A	6	7,273	8,071	2.30%	2.19%
2011	7.22%	6.82%	6.76%	Five or Fewer	N/A	40	6,876	7,667	3.51%	2.94%

<sup>^</sup> As of 7/1/13, the minimum account size changed from \$5 million to \$2 million.

\* 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 \$1.5 billion as of March 31, 2021. This information is supplemental to the Intermediate Fixed Income GIPS Report.

## GIPS NOTES AND DISCLOSURES

### NOTES

**COMPOSITE DESCRIPTION.** This composite is comprised of all fee paying, 100% fixed income, discretionary Intermediate Municipal Bond accounts consisting of municipal bond securities with a maturity range of 1-10 years and a duration band of 3.5 to 5.5 years having a minimum of \$2 million under management. The primary benchmark is the ICE Bank of America/Merrill Lynch 1-10 Year A-AAA Muni Index. This index is a subset of the ICE Bank of America/Merrill Lynch U.S. Municipal Index, including all securities with a remaining term to final maturity less than 10 years and rated AAA-A3, inclusive. The composite creation date is December 2008. The inception date is January 2004.

**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.** Intermediate Municipal Bond Fee Schedule: .35% on the first \$25 million, .25% on amounts over \$25 million, \$20,000 minimal annual fee.

**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) through Advent Software. 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. Steve Henriksen, Senior Portfolio Manager, and Blanca Garza, Portfolio Manager, have managed the Intermediate Municipal Bond strategy since 2004.

**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 complete description of each strategy, is available upon request. The composite results portrayed reflect the

### DISCLOSURES (CONT.)

**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 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 12/31/20. 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 Intermediate Municipal Bond composite has had a performance examination for the periods 4/1/04 to 12/31/20. 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: 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, 2012 - \$798 million, 2011 - \$791 million.



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