

International Small Cap Strategy

PERFORMANCE (%)	Qtr	1 Year	3 Years	5 Years	Since 3/31/13
Portfolio (Gross)	13.1	24.8	11.9	8.4	8.7
Portfolio (Net)	12.8	23.2	10.5	7.0	7.3
MSCI EAFE Small Cap Index	11.5	25.0	10.9	8.9	8.5

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

MANAGER COMMENTARY

Market Overview

The fourth quarter of 2019 saw a strong end to an eventful year with the MSCI All Country World Index rising 9.1% and the MSCI EAFE Small Cap Index increasing by nearly 11.5% during the period. Such strong performance was driven by several factors, including a moderate pick up in manufacturing activity in developed markets, overall employment holding up well, continued resilience from the services sector, and aggressive Central Bank monetary actions, including the rapid expansion of the Federal Reserve's balance sheet to support interbank lending markets.

The third quarter fears of a manufacturing slowdown spreading to other sectors of the economy seem to have been put on hold following Central Bank monetary actions and improving sentiment on trade. The services sector continues to be the standout with the ISM Services PMI rising in December, and the survey noting solid domestic demand and signs of reviving export activity. The worst-case outcome for trade also has been avoided in the short term. U.S. tariffs on China were scheduled to increase on December 15 for \$160 billion of Chinese exports, but a phase one trade deal (which is expected to be signed middle of January) has canceled the increase. In addition, the U.S. will reduce tariffs on \$120 billion of China's exports from 15% to 7.5% in phases.

The fourth quarter also included a key personnel change at the European Central Bank (ECB), with Christine Lagarde taking over as head of the bank, replacing Mario Draghi. In terms of policy action, both the Federal Reserve and the ECB started to expand their balance sheets again and the Fed cut interest rates for the third time this year reversing nearly all of 2018's rate increases.

The leading economic indicators we track show economic activity stabilizing in Europe, the United States, and China with some uncertainty emanating from Japan following their consumption tax hike, which was implemented in October 2019. While it is becoming clearer that economic activity is no longer deteriorating in most regions and there is increased optimism on a trade deal being signed in the short-term, the long-term economic indicators suggest the recovery remains patchy and uneven. As we enter 2020, key risks to the market include, the ongoing U.S.-China trade saga, Brexit, US-Iran relations, the U.S. presidential election and equity valuation levels. We expect market volatility to remain elevated and will look to the first quarter earnings season to better gauge company outlooks when they provide full year earnings guidance.

Portfolio Positioning

As a result of buys and sells and market action, we saw a notable increase in our weighting in the United Kingdom during the quarter, which was offset by reductions in our weighting from the Netherlands, Sweden, and Australia. The portfolio is underweight Australia, Switzerland, Italy, Japan, Belgium and Hong Kong. These underweights are offset by overweights in Germany, Norway, Sweden, France, and Ireland.

Contributors to Performance

In the fourth quarter, the Vaughan Nelson International Small Cap Value strategy increased in absolute terms and outperformed its benchmark. On an attribution basis, the portfolio benefited from positive security selection. The biggest country contributors were Japan, Australia, the United Kingdom, and Ireland. Within Japan, we had strong performance from our Industrial and Information Technology holdings. In the UK, we had strong performance from our companies with exposure to the domestic economy (consumer discretionary, real estate, materials), which performed well in advance of and following the December election. On the negative side, the worst performing markets for the fund were the Netherlands, Denmark, and Germany. There was not anything company specific to report for our holdings in these markets, however they lagged the strong performance for the benchmark overall during the period.

"Investing is about offsetting future obligations, not just having market exposure."

4Q19 INTERNATIONAL SMALL CAP

MODEL PORTFOLIO ATTRIBUTION (GROSS RETURNS)

S&P GICS SECTOR	Portfolio			MSCI EAFE Small Cap Index			Variation			Attribution Analysis		
	Avg Wt	Tot Ret	Contrib To Ret	Avg Wt	Tot Ret	Contrib To Ret	Avg Wt	Tot Ret	Contrib To Ret	Allocation Effect	Selection + Interaction	Total Effect
Communication Services	2.50	3.07	0.10	4.98	8.47	0.42	-2.47	-5.41	-0.32	0.08	-0.11	-0.03
Consumer Discretionary	7.15	22.80	1.62	12.61	12.79	1.60	-5.46	10.02	0.02	-0.05	0.70	0.65
Consumer Staples	13.24	11.87	1.62	6.29	6.12	0.39	6.95	5.75	1.23	-0.36	0.77	0.41
Energy	0.95	2.58	0.02	2.48	5.36	0.14	-1.53	-2.78	-0.12	0.10	-0.03	0.07
Financials	9.12	12.65	1.09	10.59	11.41	1.20	-1.47	1.25	-0.12	-0.01	0.06	0.05
Health Care	7.44	13.29	1.00	7.31	13.65	0.98	0.13	-0.36	0.02	0.01	-0.01	-0.01
Industrials	25.31	13.90	3.54	21.39	14.31	3.02	3.93	-0.41	0.51	0.11	-0.08	0.03
Information Technology	12.62	14.09	1.78	10.08	16.18	1.60	2.54	-2.09	0.18	0.11	-0.25	-0.14
Materials	9.09	16.34	1.47	7.90	10.86	0.87	1.18	5.48	0.60	-0.02	0.48	0.46
Real Estate	9.41	10.76	1.01	13.93	7.84	1.12	-4.52	2.92	-0.11	0.18	0.21	0.39
Utilities	--	--	--	2.43	7.47	0.18	-2.43	-7.47	-0.18	0.10	--	0.10
[Cash]	3.16	0.26	0.01	--	--	--	3.16	0.26	0.01	-0.26	--	-0.26
Total	100.00	13.25	13.25	100.00	11.52	11.52	--	1.72	1.72	-0.01	1.73	1.72

The above information is intended to provide a summary of how Vaughan Nelson's strategy model performed over the referenced period. Client-specific portfolios may differ meaningfully from this summary due to client-directed portfolio constraints that may include, but are not limited to, tax considerations, socially responsible restrictions and sector/position limitations. See additional disclosures on last page.

PORTFOLIO CHARACTERISTICS¹

	Portfolio	MSCI EAFE Small Cap Index
No. of Holdings	75	2,346
Wtd. Avg. Mkt. Cap (\$B)	2.7	2.8
Price/Book	1.9	1.5
Price/Cash Flow	10.1	9.0
P/E NTM	14.5	15.7
ROA (%)	6.4	6.0
ROE (%)	12.2	12.0
Dividend Yield (%)	2.8	2.6
Net Debt/Equity	0.5	1.8
Beta*	1.02	1.00
Sharpe Ratio*	0.82	0.77
Information Ratio*	0.37	N/A
R-Square*	0.95	1.00
Std. Deviation*	12.40%	11.89%

¹This information is provided as supplemental information to the International Small Cap compliant presentation. Data as of 1/14/20 for 12/31/19.

*Annualized 3-year ending 12/31/19.

TOP TEN HOLDINGS¹

	% of Total Portfolio
Atea ASA	2.2
PATRIZIA AG	2.2
Austevoll Seafood ASA	2.0
Ebro Foods SA	2.0
Cloetta AB Class B	1.9
Devoteam SA	1.9
Ibstock	1.9
Smurfit Kappa Group	1.9
Ship Healthcare Holdings	1.8
Zenkoku Hoshu	1.8

* Excludes 3.30% cash.

¹This information is provided as supplemental information to the International Small Cap compliant presentation.

PORTFOLIO SECTOR WEIGHTINGS (%)^{* 1}

	Portfolio	MSCI EAFE Small Cap Index
Industrials	27.3	21.7
Consumer Staples	13.5	6.1
Information Technology	13.3	10.3
Consumer Discretionary	9.5	12.6
Materials	9.0	8.0
Financials	8.7	10.8
Real Estate	8.6	13.6
Health Care	6.7	7.3
Communication Services	2.4	4.7
Energy	1.0	2.5
Utilities	0.0	2.4

* Excludes 3.30% cash.

¹This information is provided as supplemental information to the International Small Cap compliant presentation.

PORTFOLIO GEOGRAPHIC WEIGHTINGS (%)^{* 1}

	Portfolio	MSCI EAFE Small Cap Index
Japan	29.1	30.2
Europe - ex. UK & Nordics	27.6	26.0
United Kingdom	19.9	18.6
Nordics	19.7	11.2
Asia/Pacific ex. Japan	3.7	11.8
Other	0.0	2.2

* Excludes 3.30% cash.

¹This information is provided as supplemental information to the International Small Cap compliant presentation.

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: \$13.1 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 \$1.7 billion as of December 31, 2019.

VAUGHAN NELSON EQUITY STRATEGIES

Small Cap Value

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

Select

- Benchmark against the Russell 3000 Value Index and S&P 500 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

International Small Cap

- Benchmark against the MSCI EAFE Small Cap Index
- Generally 60 to 80 positions

Emerging Markets

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

VAUGHAN NELSON EQUITY TEAM

PORTFOLIO MANAGERS



Marco Priani, CFA, CPA, FRM

Senior Portfolio Manager - International Equity

- 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, *magna cum laude*, 1987



Kevin Ross, CFA

Senior Portfolio Manager - International Equity

- 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

OUR MISSION

To provide for the **financial wellbeing**
of our **clients** and **employees**
through **superior performance** consistent
with our values.

International Small Cap Composite Returns (3/31/13 - 12/31/19)

Year	Composite (Gross)	Composite (Net)	Benchmark	Number of Portfolios	Dispersion at End-of-Period (Std Dev)	Composite Assets 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)
2019	24.81%	23.18%	24.96%	Fewer than 5	0.30%	27	11,346	13,064	12.40%	11.89%
2018	-14.86%	-16.01%	-17.89%	Fewer than 5	N/A	28	N/A	N/A	12.48%	12.86%
2017	32.02%	30.31%	33.01%	Fewer than 5	N/A	36	N/A	N/A	10.89%	11.60%
2016	6.54%	5.15%	2.18%	Fewer than 5	N/A	486	N/A	N/A	11.28%	12.12%
2015	0.19%	-1.14%	9.59%	Fewer than 5	N/A	672	N/A	N/A	N/A	N/A
2014	-1.28%	-2.57%	-4.95%	Fewer than 5	N/A	481	N/A	N/A	N/A	N/A
2013**	18.89%	17.84%	19.26%	Fewer than 5	N/A	475	N/A	N/A	N/A	N/A

* 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 \$1.7 billion as of December 31, 2019. This information is supplemental to the International Small Cap compliant presentation.

** Partial year.

† 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.

Notes and Disclosures

NOTES

COMPOSITE DESCRIPTION. Effective 10/1/2019, this composite is comprised of all fee-paying, discretionary International Small Capitalization portfolios in excess of \$1 million under management. Prior to 10/1/19, the composite consisted of all non-restricted, fully discretionary, taxable and tax-exempt accounts which were managed in accordance with the International Small Capitalization Value strategy at Advisory Research, Inc. Effective 10/1/19, the strategy name was changed to International Small Capitalization in order to appropriately reflect the characteristics of the strategy. The International Small Capitalization strategy primarily invests in non-U.S. equities and principally in developed markets with a market capitalization generally within the range of the MSCI EAFE Small Cap Index (Europe, Australasia, Far East) is a free-float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding U.S. and Canada. The index is reported net-of-dividends which indicates dividends are reinvested after the deduction for withholding taxes, using a tax rate applicable to non-resident institutional investors who do not benefit from double taxation treaties. 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 date is 3/31/13.

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. International Small Capitalization 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. Inception date is 3/31/13. The dispersion calculation is based on a dollar-weighted average of portfolios 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. The strategy is managed by Marco Priani and Kevin Ross from 3/31/13. Performance prior to 10/1/19 was generated by Messrs. Priani and Ross while employed by Advisory Research Inc.

COMPOSITE NOTES. Effective 10/1/19, 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 complete list and descriptions of composites 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.

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 compliant presentations are available upon request.

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 12/31/18. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS® standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS® standards. The International Small Capitalization composite has been examined for the periods 3/31/13 to 12/31/18. The verification and performance examination reports are available upon request.

PERFORMANCE DISCLOSURE. For returns presented gross-of-fees, results were calculated prior to a deduction for investment management fees. Client returns will be reduced by Vaughan Nelson's investment management fees. The fee schedule is disclosed in Part 2A of Form ADV filed with the Securities and Exchange Commission. Over a period of years, deductions for annual investment management fees will reduce the compounding effect on portfolio growth. For example, assuming a 5% annual return for five years and application of the maximum annual fee of 1.00%, a total gross return of 27.63% and a total net return of 21.67% would be generated.