

Small Cap Value Strategy

PERFORMANCE (%)	1 Year	3 Years	5 Years	7 Years	10 Years	Since 12/31/99
Portfolio (Gross)	26.0	5.5	7.5	12.1	12.2	13.8
Portfolio (Net)	24.6	4.4	6.5	11.0	11.1	12.7
Russell 2000® Value Index	22.4	4.8	7.0	10.1	10.6	9.4

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

MANAGER COMMENTARY

Market Overview

During the fourth quarter of 2019, equity markets continued to move higher with the S&P 500 and Russell 2000 advancing 9.07% and 9.94%, respectively. For the year, the S&P 500 returned 31.49% reaching a new all-time high. The Russell 2000 returned 25.53% for the year but has failed to eclipse its all-time highs reached in 2018. The fourth quarter rally was driven by stabilizing economic data overseas and the rapid expansion of the Federal Reserve's balance sheet to support interbank lending markets.

In the prior quarter, we noted the Federal Reserve would likely be forced to provide dollar liquidity on a sustained basis. Our view still stands that the U.S. dollar funding shortage experienced in the third and fourth quarters is not a temporary phenomenon but is the direct result of prior Federal Reserve QE policy and rising federal deficits. With over \$11 trillion in U.S. Treasuries to refinance in the next twelve months, in addition to rising federal deficits that will require additional U.S. Treasury issuance, the Federal Reserve will continue to provide liquidity support via U.S. Treasury purchases. This support will be necessary until the U.S. dollar declines sufficiently to allow foreign buyers to purchase U.S. Treasuries on a hedged basis, or until global economic activity reaccelerates thus reducing funding stress.

Given stretched valuations and increasing margin pressures, we expect U.S. equity returns to moderate in 2020. While stabilizing economic growth has supported U.S. equity markets, in order to meet 2020 earnings forecasts, there will need to be an acceleration in economic activity.

Portfolio Positioning

As a result of buys and sells and market action, our weightings in Financials, Energy, Real Estate, Materials, and Consumer Discretionary increased during the quarter. The portfolio's weighting in Communication Services, Information Technology, Consumer Staples, and Utilities decreased during the quarter.

Contributors to Performance

During the quarter, the portfolio experienced positive absolute performance but underperformed the Russell 2000 Value index. Stock selection in Information Technology, Health Care, Consumer Discretionary, Industrials, and Financials were the largest detractors from relative performance. The portfolio continues to be underweight the traditional defensive sectors such as Consumer Staples, REITs, and Utilities while also underweight the more cyclical areas of the benchmark. As such, we continue to experience better support in broad market selloffs but remain economically exposed should economic growth reaccelerate.

4Q19 SMALL CAP VALUE PORTFOLIO

MODEL PORTFOLIO ATTRIBUTION (GROSS RETURNS)

S&P GICS SECTOR	Portfolio			Russell 2000 [®] Value			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	5.53	15.19	0.82	2.23	2.91	0.07	3.29	12.28	0.76	-0.17	0.65	0.48
Consumer Discretionary	5.05	-6.16	-0.30	9.81	7.66	0.77	-4.75	-13.78	-1.07	0.03	-0.71	-0.68
Consumer Staples	1.12	11.35	0.04	2.57	9.40	0.23	-1.45	0.40	-0.19	-0.05	-0.00	-0.04
Energy	3.54	-1.83	-0.00	5.64	7.86	0.40	-2.10	-9.66	-0.41	0.06	-0.31	-0.25
Financials	25.71	4.88	1.29	30.71	7.27	2.25	-5.00	-2.38	-0.96	0.05	-0.60	-0.56
Health Care	6.97	2.14	0.08	5.17	17.61	0.90	1.80	-15.45	-0.82	0.16	-1.09	-0.93
Industrials	12.96	4.49	0.57	12.72	9.41	1.19	0.24	-4.92	-0.62	-0.01	-0.64	-0.65
Information Technology	17.94	5.40	0.91	9.17	21.19	1.83	8.78	-15.65	-0.92	1.02	-2.63	-1.61
Materials	2.77	16.65	0.35	4.49	13.18	0.58	-1.72	3.58	-0.23	-0.08	0.03	-0.06
Miscellaneous	4.91	8.36	0.41	--	--	--	4.91	8.36	0.41	-0.01	--	-0.01
Real Estate	6.18	5.57	0.33	11.20	3.41	0.40	-5.02	2.16	-0.07	0.23	0.13	0.36
Utilities	4.04	-10.00	-0.45	6.12	-1.65	-0.12	-2.07	-8.57	-0.33	0.19	-0.37	-0.17
[Cash]	3.26	0.00	0.00	--	--	--	3.26	0.00	0.00	-0.36	--	-0.35
Total	100.00	4.03	4.03	100.00	8.49	8.49	--	-4.46	-4.46	1.09	-5.54	-4.46

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 CHARACTERISTICS

	Portfolio	Russell 2000 [®] Value Index
No. of Holdings	66	1,402
Wtd. Avg. Mkt. Cap (\$B)	4.0	2.2
Price/Book	2.1	1.4
Est. 3-5 Yr. EPS Growth	13.2	9.3
P/E NTM	14.2	13.8
ROA (%)	6.2	3.2
ROE (%)	12.4	6.9
Dividend Yield (%)	1.4	2.1
Beta*	0.87	1.00
Sharpe Ratio*	0.45	0.38
Information Ratio*	0.11	N/A
R-Squared*	0.90	1.00
Standard Deviation* (%)	14.48	15.74

* Annualized 5-year ending 12/31/19 vs. Russell 2000 Value.

PORTFOLIO SECTOR WEIGHTINGS (%)^{* 1}

	Portfolio	Russell 2000 [®] Value Index
Financials	28.5	30.5
Technology	18.2	9.6
Industrials	14.4	12.7
Health Care	7.1	5.4
Real Estate	6.9	10.9
Communication Services	6.4	2.2
Consumer Discretionary	5.5	9.7
Energy	4.3	5.8
Utilities	4.1	5.9
Materials	3.5	4.6
Staples	1.1	2.7

* Excludes 0.67% cash and 4.84% Russell 2000 Value iShares.

¹ This information is provided as supplemental to the GIPS compliant presentation.

TOP TEN HOLDINGS^{* 1}

	% of Total Portfolio*
CACI International Class A	3.46
Cabot Microelectronics	3.08
Nexstar Media Group Class A	2.64
Element Solutions	2.61
MGIC Investment	2.56
Brady Corp. Class A	2.44
TEGNA	2.44
Entegris	2.43
Landstar System	2.29
First Financial Bancorp	2.19

* Excludes 0.67% cash and 4.84% Russell 2000 Value iShares.

¹ This information is provided as supplemental to the GIPS compliant presentation.

ADDITIONS TO PORTFOLIO

	Category	Category
Alamo Group	UG	M.D.C. Holdings
ASGN	UG	Old Republic
Hanover Insurance Group	UG	Parsley Energy
Huntsman	UA	Tower Semiconductor
Insight Enterprises	UG	Trinity Industries

Key

UG - undervalued growth

UD - undervalued dividend

UA - undervalued asset

DELETIONS FROM PORTFOLIO

	Category	Category
Booz Allen Hamilton	MC	LivNova
Brown and Brown	MC	Littlefuse
Casa Systems	BO	Power Integrations
Casella Waste	V	Silicon Laboratories
Green Dot	F	Versum Materials

Key

V - valuation

F - fundamental

A - acquisition

MC - market cap

BO - better opportunity

VAUGHAN NELSON EQUITY TEAM

PORTFOLIO MANAGERS



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

- Began his financial and investment career in 1991
- Joined Vaughan Nelson in 1999
- MBA, Harvard Business School, 1998
- BBA, Baylor University, 1991



Stephen Davis, CFA
Portfolio Manager

- Began his investment career in 2005
- Joined Vaughan Nelson in 2010
- BA, Rice University, 2005, *cum laude*

RESEARCH TEAM



Benjamin Carrier, CFA
Equity Analyst

- Began financial and investment career in 2014
- Joined Vaughan Nelson in 2016
- BBA, Baylor University, 2014, *cum laude*



Keith Cioci
Equity Analyst

- Began investment career in 2009
- Joined Vaughan Nelson in 2018
- MPA, BBA, University of Texas, 2008



James Eisenman, CFA, CPA
Vice President - Equity Investments

- Began financial and investment career in 2002
- Joined Vaughan Nelson in 2005
- BBA, Ohio State University, 2002
- MAcc, Ohio State University, 2002



Tyler Fry, CFA
Equity Analyst

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



Adam Rich, CFA
Equity Analyst

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

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® 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

OUR MISSION

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

SMALL CAP VALUE PORTFOLIO COMPOSITE RETURNS (12/31/99 - 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	25.95%	24.64%	22.39%	72	0.35%	2,712	11,346	13,064	14.18%	15.68%
2018	-13.59%	-14.47%	-12.86%	87	0.38%	2,663	10,078	11,425	14.15%	15.76%
2017	7.77%	6.71%	7.84%	101	0.21%	3,780	11,675	13,172	12.78%	13.97%
2016	21.37%	20.18%	31.74%	109	0.86%	3,944	11,572	12,912	13.69%	15.50%
2015	0.99%	-0.01%	-7.47%	102	0.18%	3,135	11,316	12,469	12.12%	13.46%
2014	10.12%	9.02%	4.22%	95	0.16%	3,783	9,943	11,057	10.76%	12.79%
2013	40.39%	39.02%	34.52%	100	0.36%	3,933	9,243	10,258	14.48%	15.82%
2012	16.26%	15.16%	18.05%	96	0.28%	2,902	7,273	8,071	17.60%	19.89%
2011	-2.54%	-3.48%	-5.50%	102	0.19%	2,801	6,876	7,667	20.89%	26.05%
2010	25.20%	23.97%	24.50%	111	0.31%	3,133	7,050	7,965	22.91%	28.37%
2009	30.36%	29.09%	20.58%	93	0.66%	2,491	6,757	7,690	20.31%	25.62%
2008	-21.57%	-22.37%	-28.92%	95	0.52%	1,711	5,761	6,642	16.69%	19.14%
2007	7.31%	6.25%	-9.78%	109	0.29	1,840	6,637	8,176	10.68%	12.59%
2006	20.00%	18.82%	23.48%	35	0.47	580	5,218	6,711	11.26%	12.33%
2005	11.81%	10.71%	4.71%	23	0.31	234	4,120	4,688	14.60%	14.09%
2004	20.11%	18.93%	22.25%	12	0.12	73	3,446	3,617	18.12%	17.51%
2003	53.27%	51.79%	46.03%	9	0.29	61	3,246	3,274	19.57%	18.42%
2002	-6.80%	-7.74%	-11.43%	Fewer than 5	N/A	7	3,470	3,471	20.42%	17.39%
2001	5.93%	4.99%	14.03%	Fewer than 5	N/A	8	N/A	4,247	18.37%	14.65%
2000	57.55%	56.65%	22.83%	Fewer than 5	N/A	7	N/A	3,955	19.81%	16.61%

* 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 Small Cap Value compliant presentation.

Notes and Disclosures

NOTES

COMPOSITE DESCRIPTION. This composite is comprised of all fee paying, discretionary Small Capitalization Value portfolios in excess of \$1 million under management. Small Capitalization is defined as a company within the market capitalization range of Russell 2000® Value Index. The benchmark is the Russell 2000® Value Index. The Russell 2000® Value Index measures the performance of small-cap value segment of the U.S. equity universe. It includes those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values. The Russell 2000® Value Index is constructed to provide a comprehensive and unbiased barometer for the small-cap value segment. The Index is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true small-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. The composite create date is April 1997.

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. Small Capitalization Value 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 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.

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 Chris Wallis and Stephen Davis from 12/31/18; Chris Wallis, Scott Weber, Dennis Alf and Chad Fargason from 9/30/13; and Chris Wallis and Scott Weber from 6/30/04; and Chris Wallis since 1999.

DISCLOSURES - cont.

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 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.

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. 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 9/30/19. 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 Small Capitalization Value composite has been examined for the periods 1/1/98 to 12/31/18. The verification and performance examination reports are available upon request.

Model year-end portfolio totals were as follows: 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, 2010 - \$915 million, 2009 - \$933 million, 2008 - \$881 million, 2007 - 1,539 million, 2006 - \$1,493, 2005 - \$568 million, 2004 - \$171 million, 2003 - \$28 million, 2002 - \$1 million.

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